

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

CONSORZIO DEL PROSCIUTTO DI :
SAN DANIELE, :
Plaintiff, :
v. : CA 07-039 ML
DANIELE, INC., :
Defendant. :

**MEMORANDUM AND ORDER
DENYING
MOTION FOR SANCTIONS**

Before the Court is Plaintiff's Motion for Sanctions (Document ("Doc.") #87) ("Motion for Sanctions" or "Motion"). Defendant Daniele, Inc. ("Defendant" or "Daniele"), has filed an objection to the Motion. See Defendant's Objection to Plaintiff's Motion for Sanctions (Doc. #89) ("Objection"). A hearing was held on November 23, 2009.

I. Synopsis

The Motion arises out of Plaintiff's August 26, 2009, attempt to depose I. Stephen Samuels ("Mr. Samuels"), an attorney who represented Daniele in connection with the Settlement Agreement which Plaintiff claims in Count I of the instant action Daniele has breached.¹ During the deposition, Mr. Samuels

¹ Mr. Samuels does not represent Daniele in the present action. See Defendant Daniele, Inc.'s Memorandum of Law in Support of Its Objection to Plaintiff's Motion for Sanctions ("Defendant's Mem.") at 1. However, he has done work for Daniele in connection with protecting its trademarks since 2003. See Memorandum of Law in Support of Plaintiff's Motion for Sanctions ("Plaintiff's Mem."),

refused on grounds of attorney-client privilege to answer numerous questions regarding documents which had been produced by Daniele to Plaintiff as a result of orders of this Court. After receiving approximately sixteen such refusals, Plaintiff's counsel asked Daniele's counsel to advise Mr. Samuels that he must answer the questions without asserting a privilege because the privilege had been waived as to the documents. Daniele's counsel refused to do so, contending that the documents had been produced pursuant to a court order and that there had not been a voluntary waiver of the attorney-client privilege.

Plaintiff contends that the refusal of Daniele's counsel to instruct Mr. Samuels as requested violates the Court's Order of September 29, 2008 ("Order of 9/29/08"), and warrants sanctions. The Court is not so persuaded for two reasons. First, most courts which have considered the question have concluded that a party does not waive a claim of attorney-client privilege by complying with an order to produce documents. Second, this Court has not explicitly ruled that Daniele has waived the attorney-client privilege with respect to the documents produced.

II. Facts

A. Background

In January 2007 Plaintiff filed the instant Complaint (Doc. #1), alleging breach of a settlement agreement which the parties

Exhibit ("Ex.") 1 (Deposition Transcript ("Dep. Tr.)) at 14.

had executed in 2005 (Count I), violation of the Trademark Act of 1946 by false designation of origin (Count II), and trademark infringement (Count III). See Complaint ¶¶ 68-76. On or about May 2, 2007, Plaintiffs propounded interrogatories and requests for production to Daniele. See Defendant Daniele, Inc.'s Memorandum of Law in Support of Its Objection to Plaintiff's Motion for Sanctions ("Defendant's Mem.") at 6. On or about January 9, 2008, Daniele served objections to the interrogatories and the requests for production. See id. The objections included some which were based upon attorney-client privilege. See id. Shortly thereafter, on January 22, 2008, Daniele moved to stay discovery on Counts II and III and to limit discovery to Count I, the breach of contract claim. See Amended Motion to Stay Discovery (Doc. #27) ("Motion to Stay"). Plaintiff objected to the Motion to Stay. See Plaintiff's Objection to Defendant's Amended Motion to Stay Discovery (Doc. #30).

On March 14, 2008, Plaintiff filed motions to compel Daniele to answer the interrogatories and to respond to the document requests to which Daniele had objected and/or failed to answer. See Plaintiff's Motion to Compel Answers to Interrogatories (Doc. #38); Plaintiff's Motion to Compel Production of Documents (Doc. #39) (collectively the "Motions to Compel"). Before the time arrived for Daniele to file objections to the Motions to Compel, Chief Judge Mary M. Lisi conducted a Rule 16 Pretrial Conference

on March 25, 2008. At the conference Chief Judge Lisi authorized Daniele to file a second motion for summary judgment² "raising the issues discussed at the conference" Pretrial Order (Doc. #40). Chief Judge Lisi also ruled that discovery was stayed until the Court resolved the motion for summary judgment and that Daniele "need not respond presently to [the Motions to Compel]." Id.

B. Order of September 29, 2008

On September 15, 2008, Chief Judge Lisi held a hearing on Daniele's motion for summary judgment and denied it. See Docket. At a bench conference conducted at the end of the hearing, Chief Judge Lisi, among other things, ordered a continued stay of discovery on Counts II and III but ordered discovery related to Count I to proceed. See Defendant's Mem. at 6; see also Order of 10/7/08 (Doc. #49). Chief Judge Lisi also referred Plaintiff's pending Motions to Compel to this Magistrate Judge. See Docket. On September 29, 2008, the Court issued a text order granting the Motions to Compel (the "Order of 9/29/08"). See Docket. The Order of 9/29/08 reflected that no objections had been filed to

² Daniele had previously filed a motion for summary judgment, see Defendant, Daniele, Inc.'s, Cross Motion for Summary Judgment (Doc. #13) ("First Motion for Summary Judgment"), but this motion was withdrawn pursuant to an order entered by Chief Judge Lisi on December 13, 2007, see Docket.

the Motions to Compel.³

Daniele moved for reconsideration of the Order of 9/29/08. See Defendant's Motion for Reconsideration, for Relief from Interlocutory Order, and for an Extension of Time (Doc. #50) ("Motion for Reconsideration"). The basis for the requested reconsideration was Daniele's belief that "the discovery in question ... relates to Counts II and III," Memorandum in Support of Defendant's Motion for Reconsideration, for Relief from Interlocutory Order, and for an Extension of Time at 1, and that discovery with respect to these counts remained stayed pursuant to Chief Judge Lisi's September 15, 2008, ruling, see id.

This Magistrate Judge conducted a hearing on the Motion for Reconsideration on November 6, 2008. See Docket. The following day the Court issued an order, granting the Motion for Reconsideration to the extent that Daniele was granted leave to present argument within seven days that certain interrogatories and requests for production (which the Court identified) did not pertain to Count I. See Order Granting in Part Motion for Reconsideration (Doc. #55) ("Order of 11/7/08") at 1-2. In all other respects, the Motion for Reconsideration was denied. See id. at 2. The effect of this ruling was to require Daniele to fully and completely respond to the interrogatories and requests

³ The text order stated: "TEXT ORDER granting no objection having been filed [38] Motion to Compel; granting [39] Motion to Compel. So Ordered by Magistrate Judge David L. Martin on 9/29/08." Order of 9/29/08.

for production as to which the Court had not granted Daniele the requested leave to present argument. In other words, to the extent that the Motion for Reconsideration may have sought to prevent the production of potentially privileged documents, the motion was denied.

C. Appeal of September 29, 2008, Order

On November 17, 2008, Daniele filed a notice of appeal and motion to stay the Order of 11/7/08. See Notice of Appeal and Motion to Stay (Doc. #57). However, Chief Judge Lisi denied the appeal on December 5, 2008. See Order of 12/5/08 (Doc. #63).

D. Production of Privileged Documents

On or about January 29, 2009, Daniele filed a further supplemental response to Plaintiff's request for production of documents.⁴ See Defendant's Mem. at 8. The supplemental response included the following statement:

In addition, other voluminous documents responsive to this request are in the possession of Defendant's trademark counsel, located at the offices of Samuels & Hiebert, LLC, 2 International Place, 23rd Floor, Boston, Massachusetts. These documents will be produced for Plaintiff's inspection at those offices, on any date during normal business hours, subject only to reasonable advance notice and the reasonable availability of personnel, including litigation counsel and attorney Samuels (or his designee).

Some of the documents responsive to this request are, in the view of Defendant, privileged. This includes

⁴ Daniele had moved for and received an extension of time to January 30, 2009, to comply with the Court's orders. See Defendant's Motion for an Extension of Time (Doc. #64); Text Order of 12/17/08.

attorney/client privileged communications between Defendant and its trademark counsel, Samuels & Hiebert, LLC_[,] and between Defendant and the firm of Visconti and Boren, Ltd. Defendant does not waive these privileges, and continues to assert them. Nevertheless, cognizant of the import of the outstanding Court Orders compelling production, as well as the virtual impossibility of bringing this issue to the attention of the United States Court of Appeals on an interlocutory basis, Defendant intends to produce all requested documents subject to the continued assertion of privilege and without any waiver thereof, unless the Court otherwise directs prior to the inspection. The only reason Defendant will produce privileged documents is because it is under compulsion to do so, and Defendant does not wish to risk being found in contempt of a Court Order.

Defendant also intends to assert that any privileged documents which it is producing under compulsion are not admissible under Rule 403 and other applicable rules of the Federal Rules of Evidence.

Defendant's Mem. at 8-9 (quoting Supplemental Responses dated January 29, 2009).

Although Daniele provided some supplemental responses directly to Plaintiff, it did not produce the responsive documents that were in the possession of Mr. Samuels, its trademark counsel. See Memorandum of Law in Support of Plaintiff's Motion for Sanctions ("Plaintiff's Mem.") at 3. Rather, Daniele insisted that Plaintiff inspect the documents at Mr. Samuel's office. See id. According to Plaintiff, its counsel made a series of calls to Daniele's counsel over at least one month to try to arrange the inspection of the documents at Mr. Samuels' office. See id. Plaintiff further represents that:

Plaintiff was forced to serve on April 23, 2009_[,] (ECF

Doc. #68) a subpoena duces tecum upon Mr. Samuels to obtain access to the responsive documents in his possession. Mr. Samuels objected to the subpoena on April 26, 2009. His objections made it clear that Mr. Samuels was unaware of the Court's September 29, 2008^[,] Order. After Plaintiff threatened sanctions, Daniele arranged with Mr. Samuels to allow the production of documents.

Id.

Plaintiff inspected the documents on April 30, 2009. See id. Thereafter, it requested that Daniele schedule a mutually convenient date for Mr. Samuels' deposition, but such a date was never arranged. See id. On August 7, 2009, Plaintiff served a subpoena on Mr. Samuels for his deposition. See Subpoena (Doc. #86).

E. The Deposition

As already noted, at the August 26, 2009, deposition Mr. Samuels refused to answer many questions on grounds of privilege. See Plaintiff's Mem., Exhibit ("Ex.") 1 (Deposition Transcript ("Dep. Tr.)) at 24-118. Plaintiff's counsel requested that Daniele's counsel inform Mr. Samuels that the privilege had been waived. See Dep. Tr. at 43-47. Daniele's counsel declined to do so, maintaining that Daniele had not voluntarily waived any privilege and that the Court had never ruled that the privilege had been waived.⁵ Id. Thereafter, Mr. Samuels continued to

⁵ Daniele's counsel stated:

MR. SNOW: It is the defendant's position that notwithstanding the fact that Daniele complied with the court's order which required certain documents to be produced,

refuse to answer many questions on grounds of privilege. See id. at 48-118. Daniele's counsel also objected to several questions on the basis that the answer called for a conclusion. See, e.g., id. at 52, 58, 64, 88. Ultimately, the parties and Mr. Samuels stipulated that he would continue to refuse if questioned further about documents which had been produced to Plaintiff as a result of the Court's Order of 9/29/08, see id. at 115-16; 118.⁶

F. The September 1, 2009, Letter

On September 1, 2009, Plaintiff's counsel sent a letter to Daniele's counsel regarding Daniele's counsel's refusal to advise Mr. Samuels that he should answer the questions posed by Plaintiff's counsel without regard to privilege. See Plaintiff's Mem., Ex. 2 (Letter from Selter to Snow of 9/1/09). The letter recounted that Daniele's counsel had taken the position at the deposition that Daniele had not waived the privilege, see id. at

that there has been no knowing voluntary waiver of any attorney client privilege, and we have maintained that position throughout. To my knowledge, the court has never ruled on the issue, frankly, has never been presented with the issue of whether there's been a waiver of the attorney client privilege.

Dep. Tr. at 44.

⁶ Although the stipulation did not directly reference the Court's Order of 9/29/08, see Dep. Tr. at 115 16, 118, the documents about which Plaintiff sought to question Mr. Samuels were produced by Daniele pursuant to that order, see id. at 47 ("We have complied with a court order ..."); see also Daniele's Mem. at 9 (noting compliance with "Court Orders compelling production," id., referring to the September 29, 2008, Order and Chief Judge Lisi's December 5, 2008, affirmation of that Order).

1; see also Dep. Tr. at 44, and opined that Daniele's position "is sanctionable," Plaintiff's Mem., Ex. 2 at 1. The letter also expressed Plaintiff's displeasure that Daniele's counsel had not notified Plaintiff's counsel before the deposition of Daniele's position or spoken with Mr. Samuels until five minutes before the deposition. See Plaintiff's Mem., Ex. 2 at 2. Had Daniele's counsel done either of these things, Plaintiff's counsel believed that he and his co-counsel might have been spared from making the trip to Boston (where Mr. Samuels' deposition was conducted).⁷

The letter concluded by asking Daniele's counsel to reconsider his position and to "advise Mr. Samuels that there are no privilege grounds to refuse to answer questions about the documents from his files that Daniele has produced." Id. Plaintiff's counsel also asked that Daniele agree to pay for the costs of taking a second deposition, including attorneys' fees for himself and his co-counsel, travel and other expenses, and transcript costs. Id. The letter set a deadline of close of business on September 3, 2009, for Plaintiff to respond to these requests, and indicated that if Daniele did not agree, Plaintiff would move for sanctions. See id. Daniele did not respond to the letter, and the instant Motion was filed on September 16, 2009.

⁷ The offices of the two attorneys representing Plaintiff at the deposition of Mr. Samuels are located in Washington, D.C. See Dep. Tr. at 2.

III. Sanctions Sought

Plaintiff asks that the following sanctions be imposed on Daniele: 1) that the statements by Mr. Samuels on which Plaintiff intends to rely be deemed binding admissions on Daniele; 2) that Plaintiff be permitted to depose Mr. Samuels a second time and that Daniele be ordered to advise him that he is required to answer questions about the documents and their subject matter without asserting any privilege; 3) that Daniele should pay the reasonable expenses of this second deposition, including the fees and travel expenses of Plaintiff's attorneys and the costs of a court reporter; and 4) that Daniele should pay Plaintiff's expenses for bringing the instant Motion. See Motion at 2-3.

Plaintiff also contends that objections to questions seeking the basis for Mr. Samuels' advice and conclusions as reflected in the compelled documents are frivolous. See id. Accordingly, Plaintiff requests that the Court overrule Daniele's "legal conclusion" objection to questions seeking the basis of Mr. Samuels' opinions and analysis. See id. at 2.

IV. Discussion

Plaintiff's Motion is based on the premise that, as a result of the Court-ordered production of documents which Daniele claims are protected by attorney-client privilege, Daniele has waived

the privilege with respect to those documents.⁸ See Motion at 1 (“Mr. Samuels ... was required to answer these questions because Daniele had waived its privilege claims”); Plaintiff’s Mem. at 5 (“Mr. Samuels does not have a right to assert Daniele’s privilege after it had been waived by Daniele ...”) (citing In re Grand Jury Subpoena, 274 F.3d 563 (1st Cir. 2001)); id. (“Plaintiff’s counsel asked Daniele’s counsel to direct Mr. Samuels that Daniele had waived the privilege ...”); id. at 16 (“Daniele had waived the attorney-client privilege with respect to the very documents that Plaintiff sought to ask Mr. Samuels about”). Daniele validly points out that none of the Orders—the Order of 9/29/08, the Order of 11/7/08, or the Order of 12/5/08—contained an explicit finding that Daniele had waived the attorney-client privilege with respect to the documents about which Plaintiff sought to question Mr. Samuels. See Defendant’s Mem. at 10 (so arguing). Rather, the effect of the Orders was simply to require the production of documents which Daniele claims are privileged.⁹

⁸ Plaintiff incorrectly asserts that “the Court’s September 29, 2008_[,] Order ... held that Daniele had waived the attorney client privilege” Plaintiff’s Mem. at 16. The Order of 9/29/08 only held that the Motions to Compel were granted because no objection had been filed to them.

⁹ Plaintiff, relying primarily on In re Grand Jury Subpoena, 274 F.3d 563 (1st Cir. 2001), and Corvello v. New England Gas Co., 243 F.R.D. 28 (D.R.I. 2007), appears to argue that Daniele, by being required to produce the documents, waived or lost the privilege with respect to those documents. See Plaintiff’s Mem. at 16 17; see also Reply Memorandum in Support of Plaintiff’s Motion for Sanctions (“Reply Mem.”) at 1. It bears noting that the corporation in In re Grand Jury Subpoena, “Oldco,” 274 F.3d at 568, “agreed to cooperate with the government’s ongoing investigation ...,” id., and that “[a]s

There is some authority which supports Plaintiff's contention that this production resulted in a waiver of the attorney-client privilege. See Collaboration Props., Inc. v. Polycom, Inc., 224 F.R.D. 473, 478 (N.D. Cal. 2004) (noting defendant's citation of Kunlig Jarnvagsstyrelsen v. Dexter & Carpenter, 32 F.2d 195 (2nd Cir. 1929), and a treatise by E. Epstein "for the proposition that disclosure of a privileged communication, even pursuant to an erroneous order of the court or pursuant to a subpoena, operated as a definitive waiver for

part of this cooperation Oldco expressly waived applicable attorney client and work product privileges," id. Thus, in contrast to the instant matter, the waiver discussed in In re Grand Jury Subpoena was not judicially compelled. Similarly, Corvello v. New England Gas Co. deals with "inadvertent," 243 F.R.D. at 34 38, and not judicially compelled disclosure, see id.

It is true that the court in In re Grand Jury Subpoena alternatively rejected the intervenors' claims of privilege because they "failed without justification to produce a privilege log (thereby waiving the underlying attorney client and work product privileges)." In re Grand Jury Subpoena, 274 F.3d at 577. Plaintiff, citing the fact that Daniele never produced a privilege log with respect to the documents about which Plaintiff seeks to question Mr. Samuels, seeks to have the Court make a similar finding of waiver here. See Plaintiff's Mem. at 16 17; Reply Mem. at 2 4. The problem with this request is that it is made in the context of a motion for sanctions. Cf. Defendant's Mem. at 5, 13 (suggesting that Plaintiff should have filed a motion to compel Mr. Samuels to answer specific questions). Plaintiff is asking the Court to sanction Daniele because Daniele's counsel allegedly disregarded (or refused to recognize) a finding of waiver that has never been explicitly made but which arguably can be inferred from the Orders of 9/29/08, 11/7/08, and 12/5/08. The Court is not persuaded that such conduct warrants the imposition of sanctions. See Ortiz Lopez v. Sociedad Española de Auxilio Mutuo y Beneficiencia de Puerto Rico, 248 F.3d 29, 33 (1st Cir. 2001) ("Rule 37(b)(2)(B) ... contemplate[s] a threshold determination by the court that the offending party has failed to comply with a court order issued under Rule 37(a)."); see also F.A.C., Inc. v. Cooperativa de Seguros de Vida de Puerto Rico, 563 F.3d 1, 6 (1st Cir. 2009) ("Because of its potency, a court's inherent power to shift attorneys' fees should be used sparingly and reserved for egregious circumstances.") (internal quotation marks omitted).

all time and with respect to all parties.” (quoting defendant’s counsel’s letter)). However, there is considerable contrary authority.

“[C]ourts generally hold that when production of privileged communications is judicially compelled, compliance with the order does not waive the attorney-client privilege.” Am. Nat’l Bank & Trust Co. of Chicago v. Equitable Life Assurance Soc’y of the U.S., 406 F.3d 867, 877 n.5 (7th Cir. 2005) (quoting Paul R. Rice, 2 Attorney-Client Privilege in the United States § 9:25 (2d ed. 2004) (“Rice”)); see also Amway Corp. v. Proctor & Gamble Co., Case No. 1:98cv 726, 2001 U.S. Dist. LEXIS 4561, at *8 (S.D. Mich. 2001) (describing as “unobjectionable” the “proposition that a court-ordered disclosure of otherwise privileged documents does not operate as a waiver of the privilege”); Collaboration Props., Inc., 224 F.R.D. at 478 (noting split in authority on issue and stating that the “authority holding that there is no waiver emphasizes that when disclosure is judicially compelled it cannot be said to be voluntary”); id. (“discussing judicially compelled disclosures as involuntary”) (citing Rice); Gov’t Guar. Fund of the Republic of Finland v. Hyatt Corp., 182 F.R.D. 182, 187 (D.V.I. 1998) (“The attorney client privilege is not destroyed by disclosure of protected information to an outside party which is done only under the compulsion of a court order.”); Studiengesellschaft Kohle mbH v. Novamont Corp., No. 77 Civ. 4722

(RWS), 1980 U.S. Dist. LEXIS 15042, at *9-10 (S.D.N.Y. Nov. 17, 1980) ("The record reveals that those ... documents were produced in a good faith effort to comply with prior rulings of the Magistrate regarding the boundaries of the attorney-client privilege. Such good faith compliance with a judicial order is not the same as voluntary partial disclosure, which can constitute a general waiver of related communications."); Palmer v. Farmers Ins. Exch., 861 P.2d 895, 908 (Mont. 1993) (holding that defendant "did not voluntarily waive the attorney-client privilege applicable to the communications between [defendant] and its attorneys" where trial court erroneously abrogated defendant's attorney-client privilege by compelling discovery of confidential report"); 24 Wright and Graham, Fed. Prac. & Proc. § 5507, at 578-79 (1986 ed.) (emphasizing that disclosure must be "voluntary" in order for there to be a waiver).

Given that most courts which have considered the issue have held that a party does not waive a claim of attorney-client privilege by complying with an order to produce records, this Court declines to find that Daniele's assertion of this position at Mr. Samuels' deposition constitutes sanctionable conduct. Daniele's counsel was under no obligation to advise Mr. Samuels that the attorney-client privilege with respect to the documents had been waived when the Court had not made an explicit ruling to that effect. Cf. United States v. Ary, 518 F.3d 775, 785 (10th

Cir. 2008) (“[I]n the case of an involuntary disclosure, the party asserting the work-product doctrine or attorney-client privilege must pursue all reasonable means to preserve the confidentiality of the material.”).

To the extent that Plaintiff contends that Daniele’s failure to advise it prior to the deposition that Mr. Samuels would invoke the privilege is by itself sanctionable, see Plaintiff’s Mem. at 18, 20-21, the Court is satisfied that Daniele’s counsel did not know until five minutes before the start of the deposition that Mr. Samuels would take the position he did. See Dep. Tr. at 11. Although Plaintiff complains that Daniele should have reasonably anticipated that Mr. Samuels would be questioned about the documents and sought a protective order or at least notified Plaintiff of its position before the deposition to avoid wasting the time of the parties, see Reply Mem. at 3, Plaintiff is at least equally at fault here. It should have realized that there had been no explicit finding of waiver by the Court and that the majority of the courts which have considered the issue have ruled against the position Plaintiff espouses in bringing the instant Motion. Given these circumstances, Plaintiff should not have been unduly surprised by what transpired at Mr. Samuels’ deposition.

Plaintiff could have advised Daniele prior to the deposition of its intention to question Mr. Samuels about the documents and

inquired whether Daniele agreed that the privilege had been waived and that Mr. Samuels would answer questions about the documents or whether Daniele maintained (as it does) that the attorney-client privilege has not been waived and that Mr. Samuels would not answer questions about the documents. In the latter circumstance, Plaintiff could have filed a motion asking the Court to rule explicitly with respect to the issue of waiver and whether Mr. Samuels could refuse to answer questions about the documents.

Lastly, to the extent that the Motion seeks to prohibit Daniele from making the objection that an answer to a question calls for a "conclusion" or "legal conclusion," the Court sees no need to make such a ruling. The objection can be briefly stated, and the deponent is still required to answer the question. The objection can be ruled upon, if necessary, at a later time when the Court has the benefit of seeing the actual question and actual answer at issue.

V. Conclusion

For the reasons stated above, the Motion is DENIED.
So ordered.

ENTER:

/s/ David L. Martin
DAVID L. MARTIN
United States Magistrate Judge
December 1, 2009