

THE SEDONA CONFERENCE WORKING GROUP SERIES

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# THE SEDONA CONFERENCE

## *Commentary on Cross-Border Discovery in U.S. Patent and Trade Secret Cases (“Stage Two”)*

A Joint Project of The Sedona Conference  
Working Groups on Patent Litigation  
Best Practices (WG10) and Trade Secrets (WG12)

JANUARY 2023 PUBLIC COMMENT VERSION

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The opinions expressed in this publication, unless otherwise attributed, represent consensus views of the members of The Sedona Conference’s Working Groups 10 and 12. They do not necessarily represent the views of any of the individual participants or their employers, clients, or any organizations to which they may belong, nor do they necessarily represent official positions of The Sedona Conference.

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## *Preface*

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Welcome to the January 2023 Public Comment Version of The Sedona Conference *Commentary on Cross-Border Discovery in U.S. Patent and Trade Secret Cases (“Stage Two”)*, a joint project of The Sedona Conference Working Groups on Patent Litigation Best Practices (WG10) and Trade Secrets (WG12). This is one of a series of Working Group commentaries published by The Sedona Conference, a 501(c)(3) research and educational institute dedicated to the advanced study of law and policy in the areas of antitrust law, complex litigation, and intellectual property rights. The mission of The Sedona Conference is to move the law forward in a reasoned and just way.

The Joint WG10 and WG12 *Commentary on Cross-Border Discovery in U.S. Patent and Trade Secret Cases* drafting team was launched in 2019. “Stage One” of the draft *Commentary* was brought to publication for public comment in May 2021. This “Stage Two” of the draft *Commentary* was a focus of dialogue at the WG12 Annual Meeting in Reston, Virginia, in September 2022; the WG9&10 Joint Annual Meeting in Boston, Massachusetts, in June 2022; the WG12 Annual Meeting in Phoenix, Arizona, in December 2021; and the WG9&10 Joint Annual Meeting, Online, in November 2021.

WG10 will continue work on a subsequent “Stage Three” of this *Commentary* focusing on, among other issues, privilege issues relating to cross-border discovery and foreign enforcement of discovery orders.

This “Stage Two” of the *Commentary* represents the collective efforts of many individual contributors. On behalf of The Sedona Conference, I thank in particular the Editors-in-Chief Monte Cooper and G. Brian Busey, who have led this drafting process and have reviewed the comments received through the Working Group Series review and comment process. I further thank Matthew Powers and Teresa Rea, who serve as WG9&10 Chair and Vice-Chair, and Victoria Cundiff and David Almeling, who serve as WG12 Chair and Vice-Chair, for their oversight. I also thank everyone else involved for their time and attention during the drafting and editing process, including Francesca Fosson, Byron Holz, Samantha Jameson, Ryan Koppelman, Tom McMasters, Jane Mutimear, Jeff A. Pade, and Mark F. Schultz.

The Working Groups have the benefit of candid comments by the Honorable Hildy Bowbeer and the Honorable Nina Wang, who are serving as Judicial Advisors for this *Commentary on Cross-Border Discovery in U.S. Patent and Trade Secret Cases*. The statements in this *Commentary* are solely those of the nonjudicial members of the Working Groups; they do not represent any judicial endorsement of the recommended practices.

Please note that this version of the *Commentary on Cross-Border Discovery in U.S. Patent and Trade Secret Cases* is open for public comment through February 15, 2023, and suggestions for improvements are welcome. After the deadline for public comment has passed, the drafting team will review the comments and determine what edits are appropriate for the final version. Please send comments to [comments@sedonaconference.org](mailto:comments@sedonaconference.org).

Craig W. Weinlein  
Executive Director  
The Sedona Conference  
January 2023

## *Foreword*

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The growing proliferation of patent and trade secret disputes rising to the level of global litigation produces significant complexities for courts and counsel in the management of cross-border discovery. This “Stage Two” *Commentary on Cross-Border Discovery in U.S. Patent and Trade Secret Cases* offers best practices that address one particularly vexing aspect of cross-border discovery—namely, the management of applications to United States district courts made pursuant to 28 U.S.C. § 1782 by actual or potential litigants seeking evidence encompassing confidential or trade secret information to be used in a proceeding before a foreign or international tribunal.

The complexities of Section 1782 are not unique to patent and trade secret litigation. However, disputes involving intellectual property almost inevitably implicate confidential or trade secret information. While U.S. courts are well-equipped to address such issues in domestic litigation through mechanisms such as confidentiality orders, applications pursuant to Section 1782 raise significant and independent complexities because protections for confidential or trade secret information in a foreign tribunal may not align with protections typically implemented within U.S. courts. This “Stage Two” *Commentary* attempts to present mechanisms for parties raising or responding to a Section 1782 application to address these important distinctions and bring them to the attention of the U.S. district court receiving the application.

The editors would like to express their appreciation to the members of the drafting team, and to the Honorable Hildy Bowbeer and the Honorable Nina Wang, who have served as judicial advisors for this effort. The editors also wish to note that the drafting team expects to continue work on a subsequent Stage Three of the *Commentary* focusing on, among other issues, privilege issues relating to cross-border discovery and foreign enforcement of discovery orders.

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## ***Cross-Border Discovery in Patent and Trade Secret Cases Best Practices “At a Glance”***

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- Best Practice No. 1 – A party seeking production of any confidential or trade secret information by means of 28 U.S.C. § 1782 should be prepared to explain both the nature and status of the underlying dispute and the need for production of the information via U.S. court procedures rather than through the procedures available where the dispute is or is likely to be venued.....4
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# I. Introduction

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The following best practices represent “Stage Two” of a three-stage publication process for addressing cross-border discovery in patent and trade secret litigation. As The Sedona Conference previously observed, “[c]ross-border discovery represents a ‘Catch-22’ situation in which the need to gather relevant information from foreign jurisdictions often squarely conflicts with blocking statutes and data privacy regulations that prohibit or restrict such discovery—often upon threat of severe civil and criminal sanctions.”<sup>1</sup>

To offer guidance to how judicial officers, in-house counsel, government attorneys, and practitioners might navigate the complexities of cross-border discovery in the unique context of patent and trade secret litigation, a joint effort of The Sedona Conference’s Working Groups 10 and 12 published in May 2021 “Stage One” of *The Sedona Conference Best Practices in Cross-Border Discovery in Patent and Trade Secret Cases*. That “Stage One” publication generally covered how parties involved with U.S.-based patent and trade secret cases should approach case management when one or both parties believed discovery from foreign sources would be required. In particular, the Stage One publication proposed best practices for litigants to consider when raising the necessity of foreign discovery with judicial bodies handling intellectual property disputes, as well as additional best practices directed to how comity factors should be weighed when foreign discovery implicates blocking statutes and privacy regulations. The proposed best practices further considered what mechanisms might be used by U.S. judicial bodies to assure that relevant foreign discovery will be produced by reticent parties (and how).

This “Stage Two” *Commentary* offers best practices that address another, particularly vexing aspect of cross-border discovery—namely, the management of applications to U.S. district courts made pursuant to 28 U.S.C. § 1782 by actual or potential litigants seeking evidence encompassing confidential or trade secret information to be used in a proceeding before a foreign or international tribunal. The complexities of Section 1782 are not unique to patent and trade secret litigation. However, one significant issue associated with Section 1782 in intellectual property (IP) disputes is the question of how best to ensure that whatever confidential information, particularly potential trade secrets, produced from or generated in the foreign jurisdiction will be kept confidential by the recipients of that information. While U.S. courts are well-equipped to address such issues in domestic litigation through mechanisms such as confidentiality orders, applications pursuant to Section 1782 raise significant and independent complexities, as protections for confidential or trade secret information in a foreign tribunal may not align with protections typically implemented within U.S. courts. A foreign jurisdiction supervising the underlying IP dispute might not treat the information generated by the Section 1782 application as confidential or as a trade secret, even if a U.S. court would do so. In that regard, the European Union has candidly observed that “[t]he main factor that hinders enforcement of trade secrets in [EU and U.K.] Court[s] derives from the lack of

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<sup>1</sup> Introduction, The Sedona Conference, *Framework for Analysis of Cross-Border Discovery Conflicts: A Practical Guide to Navigating the Competing Currents of International Data Privacy and e-Discovery* (August 2008) (footnotes omitted), [https://thesedonaconference.org/publication/Framework\\_for\\_Analysis\\_of\\_Cross-Border\\_Discovery\\_Conflicts](https://thesedonaconference.org/publication/Framework_for_Analysis_of_Cross-Border_Discovery_Conflicts).

adequate measures to avoid trade secrets leakage in legal proceedings.”<sup>2</sup> And questions may exist even in U.S. courts about whether the information being sought should be treated as confidential or a trade secret under U.S. law, let alone the law of the nation where the information is expected to be used.

The application of Section 1782 to intellectual property litigation gives rise to additional complex policy and comity considerations. For instance, in cases in which the information sought through the Section 1782 application is expected to be produced from outside the U.S., the foreign jurisdiction where the information is located may place greater emphasis upon the protection of privacy rights or may have blocking statutes that arguably preclude the production of the discovery altogether.

In this “Stage Two” *Commentary*, The Sedona Conference squarely addresses these important and complex problems. As one example of the kind of guidance the *Commentary* addresses, The Sedona Conference recognizes that the U.S. Supreme Court in *Intel Corp. v. Advanced Micro Devices* clarified that the scope of discovery under Section 1782 is broad and may be compelled from a third party even prior to the initiation of foreign litigation, so long as those proceedings are “within reasonable contemplation.”<sup>3</sup> The information also may be produced pursuant to an ex parte request. The Sedona Conference thus offers for parties who receive such a Section 1782 request best practices to protect the confidentiality or trade secret status of their responsive information in the face of these broad standards. Similarly, the *Commentary* offers best practices for parties to consider when presenting arguments to a U.S. district court about potential consequences that may follow if the court compels production of the requested information to a foreign party. Further the *Commentary* provides guidance for parties to consider in seeking and drafting a protective order that will allow U.S. courts to monitor and perhaps help facilitate the protection in the foreign venue of confidential or trade secret information produced pursuant to the Section 1782 application.

The Sedona Conference anticipates addressing additional issues relating to cross-border discovery in patent and trade secret cases in a forthcoming “Stage Three” *Commentary*. These future topics will include how parties subject to U.S. court orders requiring production of foreign discovery in patent and trade secret cases—for example, in the context of Hague Convention requests and letters rogatory—should navigate the many foreign governmental regulations that may restrict access to such information. The Sedona Conference also anticipates addressing complex attorney-client privilege issues in patent and trade secret cases outside the U.S.

Finally, throughout these best practices, the Sedona Conference has considered the wide range of confidential or trade secret information that may be requested pursuant to Section 1782 for use in intellectual property cases abroad.<sup>4</sup> At one end of the spectrum is sensitive and confidential information that would qualify as a trade secret under the Defend Trade Secrets Act or the Uniform Trade Secret Laws. However, applications under Section 1782 may also seek production of other types of confidential and sensitive information that may not qualify as trade secrets. Examples of

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<sup>2</sup> THE EUROPEAN COMMISSION, STUDY ON TRADE SECRETS AND CONFIDENTIAL BUSINESS INFORMATION IN THE INTERNAL MARKET: FINAL STUDY, 6 (April 2013).

<sup>3</sup> *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241 (2004).

<sup>4</sup> This *Commentary* uses the term “information” to convey that information subject to a Section 1782 application can include not only documents but testimony and other forms of information, any of which could be confidential.

this confidential information might include disclosure of sensitive health information of CEOs or other C-Suite executives or royalty rates under confidential patent license agreements. To encompass this broad universe of sensitive information throughout this *Commentary*, the best practices use the phrase “confidential or trade secret information” for consistency.<sup>5</sup>

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<sup>5</sup> There also may be fact-specific contexts where intellectual property is neither confidential information nor a trade secret but nonetheless should be treated as “sensitive.” Such fact-specific contexts likely would be addressed by courts considering a Section 1782 application via the familiar mechanisms used under the Federal Rules of Civil Procedure for balancing the need for the discovery against the burdens of producing it.

## *II. The Use of Discovery from U.S. Litigation in a Foreign Proceeding under 28 U.S.C. § 1782*

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### A. APPLYING FOR A 28 U.S.C. § 1782 SUBPOENA

**Best Practice No. 1** – A party seeking production of any confidential or trade secret information by means of 28 U.S.C. § 1782 should be prepared to explain both the nature and status of the underlying dispute and the need for production of the information via U.S. court procedures rather than through the procedures available where the dispute is or is likely to be venued.

28 U.S.C. § 1782 (Section 1782) is a potentially powerful tool for litigants engaged in, or about to engage in, litigation in foreign judicial forums. The statute allows parties, foreign tribunals, or interested persons to gather evidence for use in a foreign tribunal. Section 1782 provides in pertinent part:

The district court of the district in which a person resides or is found may order him to give his testimony or statement or to produce a document or other thing for use in a proceeding in a foreign or international tribunal, including criminal investigations conducted before formal accusation. The order may be made pursuant to a letter rogatory issued, or a request made, by a foreign or international tribunal or upon the application of any interested person and may direct that the testimony or statement be given, or the document or other thing be produced, before a person appointed by the court . . . . To the extent that the order does not prescribe otherwise, the testimony or statement shall be taken, and the document or other thing produced, in accordance with the Federal Rules of Civil Procedure.

The statutory language (“may”) makes clear that Section 1782 “authorizes but does not require” that district courts provide assistance to applicants under Section 1782.<sup>6</sup> It is important to understand in considering Best Practice No. 1 that the federal courts at one time were divided over whether a Section 1782 application was permissible where foreign courts prohibited such discovery.<sup>7</sup> To resolve this circuit split, the U.S. Supreme Court in *Intel* held that Section 1782 was not subject to a foreign-discoverability rule.<sup>8</sup> In that case, Intel objected to discovery pursued by rival Advanced Micro Devices for use in an EU antitrust proceeding and argued that a foreign discovery rule was

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<sup>6</sup> See *Intel*, 542 U.S. at 264.

<sup>7</sup> *Id.* at 253 n7.

<sup>8</sup> *Id.* at 261–63.

necessary to avoid offence to foreign governments and to maintain parity between litigants.<sup>9</sup> The Supreme Court rejected these arguments, noting that “[a] foreign nation may limit discovery within its domain for reasons peculiar to its own legal practices, culture or traditions—reasons that do not necessarily signal objections to aid from the United States federal courts.”<sup>10</sup> Indeed, the Court noted that “[m]ost civil law systems lack procedures analogous to the pretrial discovery regime operative under the Federal Rules of Civil Procedure.”<sup>11</sup>

As the Supreme Court noted, “Section 1782 is the product of congressional efforts, over the span of nearly 150 years, to provide federal-court assistance in gathering evidence for use in foreign tribunals.” The Supreme Court also noted that the twin aims of Section 1782 were “providing efficient assistance to participants in international litigation and encouraging foreign countries by example to provide similar assistance to our courts.”<sup>12</sup>

However, the Supreme Court in *Intel* directed the district courts to exercise their discretion and consider a number of balancing factors when considering Section 1782 applications:

The *Intel* factors consider: (a) whether aid is sought to obtain discovery from a participant in the foreign proceeding (“First Factor”); (b) “the nature of the foreign tribunal, the character of the proceedings underway abroad, and the receptivity of the foreign government or the court or agency abroad to U.S. Federal court assistance” (“Second Factor”), (c), whether the applicant is attempting to use § 1782 to circumvent foreign proof-gathering restrictions or other policies of a foreign country or the United States (“Third Factor”); and (d) whether discovery requests are unduly intrusive or burdensome” (“Fourth Factor”).<sup>13</sup>

One of the key *Intel* factors (Factor 3) is whether the use of Section 1782 violates foreign proof-gathering restrictions. The Supreme Court recently held that Section 1782 does not extend to private arbitral tribunals, noting that the “animating purpose of § 1782 is comity: Permitting Federal courts to assist foreign and international governmental bodies promotes respect for foreign governments and encourages reciprocal assistance.”<sup>14</sup> Thus, the federal courts must consider whether respect for international comity warrants denying or restricting a Section 1782 request.

In the wake of *Intel*, certain circuit courts have instructed lower courts to undertake a circumvention analysis before granting a Section 1782 application.<sup>15</sup> The courts have taken different approaches to analyzing the circumvention factor.

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<sup>9</sup> *Id.* at 261.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 262, n. 12.

<sup>12</sup> *Id.* at 252.

<sup>13</sup> *Sergeeva v. Tripleton Int’l Ltd.*, 834 F. 3d 1194, 1199 (11th Cir. 2016) (citing *Intel*, 542 U.S., at 264–65).

<sup>14</sup> *ZF Automotive U.S. Inv. v Luxshare Ltd.*, 142 S. Ct. 2078, 2088 (2022).

<sup>15</sup> *See In re Clerici*, 481 F.3d 1324, 1334 (11th Cir. 2007).

In *Sergeeva v. Tripleton*, the Eleventh Circuit considered *Intel* Factor 3 where a spouse suing for divorce from her Russian husband sought documents located outside the U.S. from his U.S.-based company.<sup>16</sup> In considering *Intel* Factor Three, the Eleventh Circuit rejected the husband’s argument that Section 1782 did not authorize extraterritorial production of documents.<sup>17</sup> The court held that Section 1782 authorizes production pursuant to the Federal Rules of Civil Procedure, which may include documents located abroad if they are within the possession, custody, and control of the responding party.<sup>18</sup>

In another case, a district court granted an application under Section 1782 for a subpoena directed at Credit Suisse for bank records located in Switzerland.<sup>19</sup> The district court rejected the bank’s argument that enforcing the subpoena would circumvent Swiss banking privacy law.<sup>20</sup> On appeal, although the Eleventh Circuit vacated and remanded on the ground that the district court relied on erroneous facts relating to ownership of the bank account,<sup>21</sup> the appellate panel did not criticize the lower court’s circumvention analysis.

In another case, a district court denied a Section 1782 request for shareholder records relating to a Polish company where there was no evidence that the targets of the application were found in the district.<sup>22</sup> The court also considered *Intel* Factor Three and concluded there was no reason to believe the records could not be obtained through the Polish courts.<sup>23</sup>

In yet another case, the wife of the owner of the Glock handgun business sought company records located in the U.S. for use initially in an Australian divorce proceeding.<sup>24</sup> The wife also sought to use the documents in a subsequent, separate civil RICO action in the U.S.<sup>25</sup> The Glock entities objected that use in a U.S. proceeding of records obtained pursuant to a Section 1782 request would violate *Intel* Factor Three as a circumvention of normal discovery procedures.<sup>26</sup> The court rejected this

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<sup>16</sup> *Sergeeva*, 834 F. 3d at 1197.

<sup>17</sup> *Id.* at 1200.

<sup>18</sup> *Id.*

<sup>19</sup> *Fuhr v. Credit Suisse AG*, 687 F. App’x. 810, 812 (11th Cir. May 2, 2017).

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 819.

<sup>22</sup> *In re Applications Pursuant to 28 U.S.C. § 1782 for Discovery from Shawomir Kaczor and Tomasz Rogucki*, No. 1:14-mc-44, 2014 WL 4181618, (S.D. Ohio Aug. 21, 2014).

<sup>23</sup> *Id.*; see also *Norex Petroleum Ltd. v. Chubb Ins. Co. of Canada*, 384 F. Supp. 2d 45, 54 (D.D.C. 2005) (“The Court is wary of granting discovery under § 1782 when it appears that the party seeking discovery may be using the United States statutes and federal court system to ‘jump the gun’ on discovery in the underlying foreign suit.”).

<sup>24</sup> *Glock v. Glock, Inc.*, 797 F.3d 1002, 1004–05 (11th Cir. 2015).

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* at 1009.

argument, noting that nothing in Section 1782 restricted subsequent use of evidence in U.S. litigation.<sup>27</sup>

In satisfying *Intel* Factor Three, it is important that the requesting party carefully explain the nature and status of the foreign proceeding. In addition, the requester should address whether there are discovery restrictions under the law of the jurisdiction where the proceeding is (or will be) venued that would make granting the request in full or in part a circumvention of that law. Any party objecting to the request should also identify any restrictions under foreign law that might implicate international comity concerns. Pursuant to the Supreme Court’s direction in *Intel*, however, the question of foreign discoverability does not preclude grant of a Section 1782 application, but rather the issue of circumvention should be carefully considered among the discretionary balancing factors. This information will allow federal courts to appropriately weigh whether the request should be denied or narrowed to address foreign circumvention and comity concerns.

The use of Section 1782 is growing, including in litigation involving patent and trade secret disputes.<sup>28</sup> A recent example (still pending as of the publication of this Commentary) is the Section 1782 application by Ericsson for documents and testimony from Broadcom for use in a patent infringement case against Apple in the United Kingdom.<sup>29</sup> Ericsson sought evidence of third-party chipsets manufactured by Broadcom that were allegedly used in Apple’s accused products. Addressing *Intel* Factor Three, Ericsson argued that its application did not circumvent U.K. law because Broadcom was outside the jurisdiction of the U.K. courts and the evidence would assist in showing infringement.

Section 1782 authorizes ex parte applications to obtain discovery for use in foreign tribunals. However, because ex parte requests are disfavored, orders granting such applications typically only provide that the discovery may be commenced “and thus the opposing party may still file a motion to quash or raise objections.”<sup>30</sup> Thus, in many cases a 1782 application may involve a two-step process by which the court (1) grants the application and then (2) hears objections or a motion to quash. In other cases where the need for the discovery is more urgent and the target of the discovery

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<sup>27</sup> *Id* at 1010.

<sup>28</sup> See The Expanding use of 28 U.S.C. § 1782, Seyfarth Legal Update, June 7, 2021 (reporting that from 2012 to 2016 Section 1782 applications ranged from 24-45 per year, increased to approximately 60 per year in 2017, 80 in 2018 and approximately 120 in 2020).

<sup>29</sup> *In re* Ex Parte Application Ericsson Civ. Case #: 5:22-MC-80322-SVK N.D. Cal. (filed Nov. 25, 2022). Courts have granted Section 1782 applications for information relating to foreign patent infringement proceedings. See e.g. *In re* Ex Parte Application of BMW, 2019 WL 5963234 (N.D. Cal. Nov. 13, 2019) (granting subpoena to Broadcom for information regarding semiconductors relating to German patent infringement proceedings); *In re* Application of Google, 2014 WL 7146994 (N.D. Cal. Dec. 15, 2014) (granting application of Google for information from manufacturer of Google handsets relating to German patent infringement proceedings); *In re* Ex Parte App of Nokia Corp., No. 8:13 MC11, slip op (C.D. Cal. May 21, 2013) (granting application allowing discovery from Broadcom for use in patent infringement case in U.K.).

<sup>30</sup> *In re* Ex Parte Application Varian Med. Sys. Int’l, No. 16-mc-80048-MEJ, 2016 WL 1161568 (N.D. Cal. Mar. 24, 2016) (granting ex parte application under 1782 for design specifications for software for German patent infringement proceeding).

has received notice, the court may conduct a consolidated hearing on the application and any objections.

**Best Practice No. 2 – A party seeking production of confidential or trade secret information pursuant to 28 U.S.C. § 1782 should be prepared to explain the importance of the requested information to its positions in the underlying proceeding.**

As already noted, a party requesting information under Section 1782 should be prepared to explain to the court the nature and status of the underlying dispute. Against that backdrop, the party should be prepared to explain the issues in the dispute and to persuade the court of the importance of the requested discovery to the party’s ability to establish its positions. The fourth *Intel* factor considers whether the request is “unduly intrusive or burdensome,” and such requests “may be rejected or trimmed.”<sup>31</sup> Moreover, the importance of the information is a key consideration for U.S. courts in evaluating the proportionality of the discovery under the Federal Rules of Civil Procedure, which are incorporated by reference into Section 1782.<sup>32</sup> Courts often deny requests under Section 1782, in part or whole, if the requested discovery is deemed overbroad or not closely related to the pending or contemplated litigation. Accordingly, it is important for the requester to thoroughly explain the relevance of the discovery to the foreign proceeding. This type of explanation not only addresses whether it is “unduly intrusive or burdensome,” but also the second statutory requirement that the discovery be “for use in a proceeding in a foreign . . . tribunal.”<sup>33</sup>

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<sup>31</sup> *Id.* at \*5.

<sup>32</sup> *See* FED. R. CIV. P. 26(b)(2).

<sup>33</sup> 28 U.S.C. § 1782(a). While the status of the foreign proceeding may be a relevant consideration, it should be noted that the Section 1782 requirement that the discovery be “for use” in the foreign proceeding does not require that a proceeding be currently pending. It may be sufficient that foreign proceedings be “imminent” and not “merely speculative.” *Union Fenosa Gas, S.A. v. Depository Tr. Co.*, 20 Misc. 188 (PAE), 2020 WL 2793055 (S.D.N.Y. May 29, 2020), citing *Certain Funds, Accounts And/Or Investment Vehicles v. KPMG, L.L.P.*, 798 F.3d 113 (2d Cir. 2015).

Notably, although the importance of the information to the foreign proceeding is a relevant consideration, the information need not be strictly necessary to that proceeding. In *Mees v. Buiter*,<sup>34</sup> the Second Circuit reversed a denial of Section 1782 discovery based on a lack of need in the underlying litigation, stating “[a]n applicant may satisfy the statute’s ‘for use’ requirement even if the discovery she seeks is not necessary for her to succeed in the foreign proceeding.” Nevertheless, a court is likely to be more sympathetic to granting the requested discovery if the requester makes a persuasive showing of the “need” for the discovery and the potential consequences of not receiving it, particularly where other discretionary factors may appear to weigh in favor of denying or limiting the discovery. On the other hand, if the requester makes strong statements of necessity and then does not receive the requested discovery, those statements could be used against it in the foreign proceeding to show a failure of needed proof. Thus, it is important for the requester to analyze at the outset whether the discovery is truly necessary for a viable claim in the underlying dispute or whether it would simply improve the chances of success, and then to draft its request under Section 1782 accordingly.

The requester’s ability to persuade the court of the importance of the requested information to the underlying proceeding is even more important if the information is likely to be confidential or trade secret in nature. The production of confidential or trade secret information affects the burden on the producing party and correspondingly affects the balance between the importance of the requested discovery and the burden imposed by that discovery.<sup>35</sup> Thus, the court’s understanding of the importance of the information from the requester’s perspective will play a key role in the analysis required both by the discretionary *Intel* factors and by the Federal Rules of Civil Procedure.

Relatedly, many opinions discussing Section 1782 reflect that the statute should not be used as a means to engage in a fishing expedition for discovery.<sup>36</sup> This is one reason, but by no means the only one, that many courts entertaining a Section 1782 request hold that “the applicant must have more than a subjective intent to undertake some legal action.”<sup>37</sup> This concern, too, is heightened where the

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<sup>34</sup> 793 F.3d 291, 295 (2d Cir. 2015).

<sup>35</sup> Best Practice No. 4 discusses further the need for the parties to a Section 1782 proceeding to educate the court about the sensitivity of the requested information.

<sup>36</sup> See, e.g., *In re O2CNI Co.*, No. C 13-80125 CRB (LB), 2013 WL 5826730 (N.D. Cal. Oct. 29, 2013).

<sup>37</sup> *Certain Funds*, 798 F.3d at 123; see also *In re Lucille Holdings Pte. Ltd.*, Misc. Act. No. 1:21-mc-99 (GMH) (2022 WL 1421816 May 5, 2022 D.D.C.), at \*10 (noting that “[r]equiring a section 1782 applicant to show that a foreign proceeding is its reasonable contemplation at the time it first seeks the assistance of a federal court to issue a subpoena helps to forestall the sort of fishing expeditions unsanctioned by the Federal Rules of Civil Procedure”; it “also helps prevent an applicant from using a pending section 1782 application as leverage to extract information from a target when the applicant is still investigating whether it might have a viable cause of action in a foreign jurisdiction”); *In re Caterpillar Inc.*, No. 3:19-mc-31, 2020 WL 1923772, at \*9 (M.D. Tenn. Apr. 21, 2020) (“In addition to providing some indication that an action is ‘being contemplated’ and will commence ‘within a reasonable time,’ the action must have been within reasonable contemplation at the time the section 1782 application was filed with the district court” (quoting *Certain Funds*, 798 F.3d at 124)); *In re Wei*, No. 18-mc-117, 2018 WL 5268125, at \*2 n.1 (D. Del. Oct. 23, 2018) (stating that, because “the relevant question under § 1782 is whether ‘at the time the evidence is sought . . . the evidence is eventually to be used’ in a foreign proceeding,” the court “must assess whether the proceedings were in ‘reasonable contemplation’ at the time the application was filed” (quoting *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241, 259 (2004))); *In re Pioneer Corp. v. Technicolor, Inc.*, No. 18-cv-4524, 2018 WL 4961911, at \*7 (C.D. Cal. Sept. 12, 2018) (“[A] claim must be within reasonable contemplation at the time the application is filed for the discovery to be ‘for use’ in a proceeding.”).

information sought encompasses confidential information related to intellectual property, the disclosure of which could severely harm the respondent. A party seeking a subpoena that encompasses confidential intellectual property and related information pursuant to Section 1782 should therefore be prepared to offer evidence and assurances that the discovery genuinely relates to an actual or potential foreign dispute to which the information would assist the trier of fact. Put another way, where a Section 1782 request might result in the production of highly confidential or sensitive intellectual property, the applicant should be prepared to establish that there is some reasonable certainty that foreign proceedings are probable, and not merely speculative. The respondent to a Section 1782 request should not be compelled to produce confidential or trade secret information absent confidence that foreign proceedings implicating that information will actually occur.<sup>38</sup>

The production of confidential source code is an interesting special case because it is widely recognized as one of the more sensitive and valuable types of trade secrets a company can possess. There is variability in how it is handled in the context of Section 1782, but the issue of burden and intrusiveness is often at the center of the inquiry;<sup>39</sup> and this underscores why the party requesting the discovery should be prepared to persuasively explain the importance of using the requested information in the underlying dispute.

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<sup>38</sup> *Cf.* *Gorsoan Ltd. v. Sundlun*, 843 F. App’x 352, 353–55 (2d Cir. 2021) (upholding the denial of a § 1782, finding that “a possibility [of a foreign proceeding] is not enough” because a Section 1782 applicant must provide the court with a “concrete basis from which it can determine that the contemplated proceeding is more than just a twinkle in counsel’s eye”); *see also Intel*, 542 U.S. at 264–66.

<sup>39</sup> *See In re Belparts Grp., N.V.*, No. 3:21-mc-0062 (VAB), 2021 WL 4942134 (D. Conn. Oct. 22, 2021) (vacating 1782 discovery of confidential documents, including source code); *Financialright GmbH v. Robert Bosch LLC*, 294 F. Supp. 3d 721 (E.D. Mich. 2018) (denying 1782 motion for source code as unduly intrusive and burdensome); *In re Qualcomm Inc.*, No. 18-MC-80104-VKD, 2018 WL 3845882 (N.D. Cal. Aug. 13, 2018) (granting 1782 motion for source code as not unduly intrusive or burdensome); *Knaggs v. Yahoo! Inc.*, No. 15-MC-80281-MEJ, 2016 WL 3916350, N.D. Cal. (Jul. 20, 2016) (narrowing 1782 discovery request involving source code without clarifying whether source code was removed from the narrowed order); *In re Wobben Props. GmbH*, 2014 U.S. Dist. LEXIS 198052 (denying 1782 discovery for source code but stating court could reconsider “if subsequent discovery indicates the appropriate level of control by [petitioner] over documents within [respondent’s foreign] possession...”); *In re Nokia Corp.*, No. 5:13-MC-80217-EJD-PSG, 2013 WL 6073457 (denying 1782 motion for source code as “not narrowly tailored and appear[ing] highly intrusive as well as unduly burdensome”).

Courts have both allowed and refused source code discovery using Section 1782, under the varying circumstances of individual cases. For example, in *Via Vadis v. Skype*,<sup>40</sup> the District of Delaware denied a request under Section 1782 seeking the production of confidential source code based, in part, on a finding that source code is too sensitive by its nature. In addition, the court found that an existing protective order between the same parties in an ongoing U.S. case had already established that the source code in question could not be used in the foreign courts. On these combined bases, the court found the source code’s production would be both “intrusive” and “burdensome,” explaining that the “general request for the source code and related documents places a heavy burden on Respondents. Source codes are the most sensitive and confidential property of Respondents. When disclosed in U.S. litigation, extreme measures are ordered to protect their confidentiality.” Other cases, on the other hand, have permitted source code discovery. For example, in *In re California State Teachers’ Retirement System*,<sup>41</sup> the District of New Jersey granted a request under Section 1782 seeking the production of confidential source code, denied a motion to quash, and reasoned that the requested source code may be relevant and proportional to the needs of the foreign case.

Ultimately, when a requester can persuasively explain the importance of using the requested information in the underlying dispute, this information will allow federal courts to appropriately weigh whether the request should be denied or narrowed in view of all relevant factors.

**Best Practice No. 3 – The party seeking to enforce a subpoena pursuant to 28 U.S.C. § 1782 should be prepared to provide the district court with assurances that both it and the foreign tribunal will impose adequate protections for treatment of the responding party’s confidential or trade secret information.**

Because confidential or trade secret information is often at stake in Section 1782 discovery, the party seeking such discovery should anticipate and be prepared to address concerns about whether, if it is produced, it will be adequately protected. In most jurisdictions, tribunals conduct litigation in public, holding hearings and making filings open to the public. Some countries such as the United States provide limited exceptions to this rule to protect confidential information during litigation. However, this exceptional protection is not universally available in the tribunals of other countries. Even where such protections are available, they vary in terms of substance, amount of protection, and the familiarity and effectiveness of tribunals when applying them. Parties thus cannot assume that a foreign tribunal will provide the kind and degree of protections that a U.S. court would provide for confidential or trade secret information obtained in discovery.

An example of the challenges regarding security of confidential or trade secret information during litigation is demonstrated by the discussions leading up to the European Union (EU) Trade Secrets Directive and its aftermath. The Trade Secrets Directive was motivated by research that showed parties were forgoing enforcement of trade secret claims due to fears that courts would not

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<sup>40</sup> *Via Vadis Controlling GmbH v. Skype, Inc.*, No. Civ.A. 12-MC-193-RGA, 2013 WL 646236, at \*3 (D. Del. Feb. 21, 2013).

<sup>41</sup> Civil Action No. 16-4251 (SRC), 2017 WL 1246349 (D.N.J. Apr. 3, 2017).

adequately protect those secrets from further loss during proceedings.<sup>42</sup> Before the Trade Secrets Directive, several EU members lacked protection or even had legal requirements pertaining to open proceedings in which trade secrets could be undermined.

The Trade Secrets Directive requires EU member states to provide security for trade secrets during litigation,<sup>43</sup> but even still, there are differences from what U.S. courts would require. For example, EU courts may place fewer restrictions on who can review confidential or trade secret information disclosed in litigation. French and German courts consider their pretrial procedures to be sufficiently secure because they prevent public disclosure.

As a result, key personnel such as a litigant’s competitive decision-makers might have greater access to documents and information revealed in foreign litigation than a U.S. court might allow. For instance, a U.S. court might enter a protective order denying a competitive decision-maker access to confidential information such as patent license royalty rates. By contrast, while a foreign court might prohibit those confidential licensing terms from being revealed publicly, it might permit those terms to be seen by high-level executives of the litigants themselves—executives who might be involved in making competitive decisions about royalty rates for their own product lines<sup>44</sup>

The situation in the EU illustrates how challenging this issue can be even where efforts have been undertaken to improve the situation, let alone in other countries that may afford little or no opportunity to protect secrecy. In many cases, concerns about protection of confidential or trade secret information in a foreign proceeding can be adequately addressed by a protective order entered by a U.S. court, and the willingness of the party seeking discovery to enter or obtain a protective order may aid in having its Section 1782 subpoena granted.<sup>45</sup> For this reason, the party seeking potentially confidential or trade secret information via Section 1782 should proactively assess—and be prepared to discuss with the court before whom the application is pending—whether a protective

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<sup>42</sup> Baker McKenzie, Study on Trade Secrets and Confidential Business Information in the Internal Market, 3–10 (Apr. 2013).

<sup>43</sup> Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure, art. 9, 2016 O.J. (L 157/1) (EU), available at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L0943&from=>.

<sup>44</sup> *Cf. In re Pioneer Corp. for an Order Permitting Issuance of Subpoenas to Take Discovery in a Foreign Proceeding*, No. MC18-0037 UA (SS), 2019 WL 2146412, at \*9 (C.D. Cal. May 9, 2018) (denying Section 1782 request that encompassed confidential patent license information that the Petitioner intended to use in a German appellate proceeding, in part because the court found the discovery would be “unduly invasive of highly confidential third party information,” given that the German court did not require any restrictions on access to the information that would apply to competitive decisionmakers”).

<sup>45</sup> *Siemens AG v. W. Dig. Corp.*, No. 8:13-cv-01407-CAS-(AJWx), 2013 WL 5947973, at \*6 (C.D. Cal. Nov. 4, 2013) (“At this juncture, Siemens’ willingness to seek a German protective order appears to address WD’s concerns about confidentiality in the German proceedings.”); *Cryolife, Inc. v. Tenaxis Med., Inc.*, No. C08-05124 HRL, 2009 WL 88348, at \*5 (N.D. Cal. Jan. 13, 2009) (“At oral argument, Tenaxis agreed that its concerns would be sufficiently addressed if the parties enter an agreement—enforceable in this court, if not in Germany—that Cryolife will not use in the German action any discovery obtained under § 1782 unless it first obtains a ruling from the German court that the material will be kept confidential.”); *In re Gen. Elec.*, 2022 WL 16720425, at \*9 (“While SGRE Inc. objects based on the confidential nature of this information, these concerns can be addressed by a protective order.”).

order entered by the U.S. court could assuage any confidentiality concerns, whether the other parties might agree to such an order, and whether there are available procedures in the foreign tribunal that would be adequate to protect the information.

**Best Practice No. 4 – Both the party seeking to subpoena confidential or trade secret information pursuant to 28 U.S.C. § 1782 and the responding party should be prepared to offer evidence relating to the sensitivity of the requested information.**

This Best Practice underscores that all the parties involved with a Section 1782 request that seeks sensitive information like trade secrets, source code, unpublished patent applications, and the like, should be prepared to offer specific evidence on how the sensitivity of the requested information impacts them. Confidentiality is most often addressed under the fourth discretionary *Intel* factor—whether the subpoena contains unduly intrusive or burdensome requests. Indeed, in recognizing that “unduly intrusive or burdensome requests may be rejected or trimmed,” the Supreme Court cited a remand decision that required consideration of “appropriate measures, if needed, to protect the confidentiality of materials.”<sup>46</sup> The Supreme Court also noted that the Federal Rules of Civil Procedure could effectively prevent discovery of “business secrets and other confidential information,” pointing to the tools available to the district court under Rules 26(b)(2) and 26(c).<sup>47</sup> Moreover, since Section 1782 incorporates the Federal Rules of Civil Procedure by reference, the admonition of Rule 26 that discovery must be “proportional to the needs of the case” requires consideration, *inter alia*, of “whether the burden or expense of the proposed discovery outweighs its likely benefits.”<sup>48</sup> Therefore, whether the analysis is under the rubric of the fourth *Intel* factor or under Rule 26, the burden associated with the production of requested confidential information is a relevant consideration in any Section 1782 application.<sup>49</sup>

Accordingly, parties on both sides should be prepared to offer evidence related to the sensitivity of the requested discovery and the potential consequences of its production or disclosure. In that regard, it is important to address the confidentiality and sensitivity not only of requested information residing in the United States, but also of the full scope of international information that arguably may be in the possession, custody, and control of the responding entity. As more fully discussed in connection with Best Practice No. 9, discovery of information from outside the United States can be ordered under Section 1782,<sup>50</sup> but that information may present additional confidentiality and

<sup>46</sup> *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241, 266 (2004) (“Nor has it been shown that § 1782(a)’s preservation of legally applicable privileges, and the controls on discovery available to the District Court, see, e.g., Fed. Rule Civ. Proc. 26(b)(2) and (c), would be ineffective to prevent discovery of Intel’s business secrets and other confidential information.” (internal citations omitted)).

<sup>47</sup> *Id.*

<sup>48</sup> FED. R. CIV. P. 26.

<sup>49</sup> *In re Gen. Elec. Co. for an Order to Take Discovery Pursuant to 28 U.S.C. § 1782*, No. 1:22-cv-91125-IT, 2022 WL 16720425, at \*7 (D. Mass. Nov. 4, 2022) (internal quotation marks omitted); *In re Bayerische Motoren Werke AG*, No. 22 MC 115 (VB), 2022 WL 2817215, at \*5 (S.D.N.Y. July 19, 2022) (“Courts may also consider whether a subpoena seeks confidential information.”).

<sup>50</sup> *In re Gen. Elec.*, 2022 WL 16720425, at \*9 (finding that the subpoenaed entity had control over documents held by related entities in Denmark and Spain if it could “access such documents for a business-specific need (other than litigation),” and allowing discovery under Section 1782 of such documents subject to a protective order); *In re*

sensitivity issues (e.g., applicable European data privacy laws) that should be assessed and addressed by the parties.<sup>51</sup>

In sum, as confidentiality issues are routine in patent and trade secret proceedings, parties opposing discovery should be prepared to address the confidentiality of the information sought and the potential consequences of producing it, and (as discussed above in connection with Best Practice No. 3) parties seeking discovery should be prepared to discuss the absence of such sensitivity and/or the protections in place to ameliorate any legitimate concerns about possible disclosure. Moreover, the discussion should be specific and substantiated by evidence, and tied to the relevant factors under *Intel* and the Federal Rules of Civil Procedure.<sup>52</sup> Failure to substantiate claims of confidentiality may result in their rejection and discovery being ordered.<sup>53</sup> Failure to substantiate claims that confidential information will be protected may also result in the denial of confidential discovery.<sup>54</sup> On the other hand, a specific showing by either party may succeed. For example, discovery under Section 1782 was found to be properly denied based in part on “evidence that disclosure of 3M's trade secrets, even if limited to one ingredient of the disputed product, would irreparably harm the company” and “a declaration from German counsel that there is no firm procedure in Germany to prevent disclosure to in-house counsel.”<sup>55</sup> The court may be receptive to other types of concerns as well. One court denied a Section 1782 request for confidential information that was owned by a foreign entity but was in the possession of that entity’s U.S. counsel because counsel was representing the entity in a United States International Trade Commission investigation. The district court recognized that “[i]f foreign clients have reason to fear disclosing all pertinent documents to U.S. counsel, the likely results are bad legal advice to the client, and harm to our system of litigation.”<sup>56</sup>

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*Belparts Grp.*, 2021 WL 4942134, at \*7 (“[T]he Court reminds Belimo USA that Belparts is not prohibited from obtaining discovery of documents located outside the United States under § 1782, including those documents that are also possessed by foreign affiliates.”).

<sup>51</sup> *In re Bayerische Motoren Werke*, 2022 WL 2817215, at \*6 (declining to quash subpoena when the party had “not articulated how compliance with the subpoenas would implicate confidential information—such as information protected by European data-privacy laws—nor why any such concerns could not be resolved by a protective order.”).

<sup>52</sup> While these issues are most typically addressed in the context of *Intel* Factor Four, to the extent confidentiality issues affect the other three discretionary factors in a particular case, parties should be prepared to address those as well.

<sup>53</sup> *In re Bayerische Motoren Werke*, 2022 WL 2817215, at \*6 (declining to quash subpoena when the party had “not articulated how compliance with the subpoenas would implicate confidential information—such as information protected by European data-privacy laws—nor why any such concerns could not be resolved by a protective order.”).

<sup>54</sup> *In re Belparts Grp.*, N.V., No. 3:21-mc-0062 (VAB), 2021 WL 4942134, at \*7 (D. Conn. Oct. 22, 2021) (denying discovery into confidential documents when the party seeking discovery had “not provided this Court with assurance that Dutch and German courts will safeguard the confidentiality of Belimo USA’s documents if this Court authorized their release for use in litigation in those tribunals”).

<sup>55</sup> *Andover Healthcare, Inc. v. 3M Co.*, 817 F.3d 621, 624 (8th Cir. 2016).

<sup>56</sup> *In re Gen. Elec.*, 2022 WL 16720425, at \*8.

## B. RESPONDING TO A 28 U.S.C. § 1782 SUBPOENA

**Best Practice No. 5 – A respondent to a 28 U.S. § 1782 subpoena should first determine whether confidential or trade secret information is requested, and should then pursue appropriate measures such as moving for or negotiating a protective order to ensure to the extent possible that any such information produced will be adequately protected in any foreign proceeding, or explaining to the court why no such measures would be sufficient.**

As already discussed, in any Section 1782 proceeding that arises from a foreign matter that involves or encompasses patent or trade secret disputes, both the applicant and the respondent should anticipate that the nature of the request may raise significant confidentiality concerns that will need to be identified and addressed as early as possible.

One challenge for courts considering a Section 1782 application is that the application may be filed before any foreign proceeding with respect to the requested discovery has commenced. Instead, such assistance only requires that a dispositive ruling “be within reasonable contemplation.”<sup>57</sup> This means the court considering the Section 1782 request may not have available the kinds of concrete records about the foreign proceeding that would clearly delineate the metes, bounds, and complexity of the underlying controversy. Thus, the need for and sensitivity of any confidential information sought may not be as well-defined as it would be if a specific foreign proceeding were already underway. Another complexity that can impact the Section 1782 request is that it may be brought *ex parte*.<sup>58</sup>

In part because of these realities, it is particularly important for a respondent that has reason to believe it may be the target of a Section 1782 subpoena in an intellectual property dispute to regularly monitor the docket to determine if any *ex parte* application is directed to information that is arguably within its custody or control. If so, it should promptly determine whether any of that information is potentially confidential or a trade secret. This evaluation warrants an immediate assessment by the respondent of the full scope of the request, including the extent to which it reaches particularly sensitive information related to the respondent’s intellectual property or other confidential information of the respondent or affiliated third parties, along with an analysis of the

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<sup>57</sup> Intel Corp. v. Advanced Micro Devices, Inc., 542 U.S. 241, 249 (2004).

<sup>58</sup> See, e.g., *In re* Roebbers, No. C12-80145 MISC RS (LB), 2012 WL 2862122, at \* 2 (N.D. Cal. Jul. 11, 2012) (“[a]n *ex parte* application is an acceptable method for seeking discovery pursuant to § 1782.”) Some courts that receive an *ex parte* Section 1782 request will nonetheless order that the party making the application serve it upon the relevant target. See, e.g., *In re* Ex Parte Application of Telefonaktiebolaget L.M. Ericsson, Case No. 5:22-mc-80322-SVK, Order dated November 28, 2022 (Court sua sponte ordered Section 1782 subpoena and *ex parte* application to be served on Broadcom where the underlying subpoena sought confidential information regarding Broadcom’s chipsets that the applicant claimed were relevant to a patent infringement action pending in the U.K. related to allegations that Apple infringed two U.K. patents.)

potential or actual harms that would result if the information were disclosed publicly or to parties that are or may be competitors.

Following such an evaluation, the respondent should move quickly to explore appropriate measures to ensure that any confidential intellectual property that might be produced for the foreign proceeding will receive the maximum confidentiality protection permissible, and preferably the same level of protection it would receive if produced in a United States legal proceeding. At a minimum, the respondent should either move for an appropriate protective order from the court entertaining the Section 1782 request or attempt to negotiate with the applicant the terms of such a protective order or a confidentiality agreement (or, as discussed in more detail in Best Practice No. 3) advise the court that there do not appear to be adequate measures to protect its information, and the request should therefore be denied or significantly restricted).

One issue the respondent will want to consider is whether the U.S. or the foreign jurisdiction(s) is the proper venue to take action on confidentiality issues and disputes. As already discussed, a respondent to a Section 1782 subpoena should be sensitive to the fact that any confidential or trade secret information that falls within the scope of the subpoena, such as source code, trade secrets, pending patent applications, and the like, may not be accorded the same level of protection in the foreign jurisdiction that it would receive in a United States proceeding governed by U.S. discovery rules. By itself, the existence of such a situation may warrant denial of the Section 1782 request, and the respondent should therefore be prepared to highlight this issue with the U.S. court.<sup>59</sup> Even if the concern is not sufficient to warrant denial of the subpoena as a whole, the respondent should be prepared to address such issues through a mechanism like a protective order or confidentiality agreement governing disclosure of the information.<sup>60</sup>

The respondent should first evaluate what protections will be accorded confidential or trade secret information in the foreign jurisdiction, and determine what procedures invoke those protections. In some instances, it may be reasonable for the parties to agree to rely on the foreign judicial body presiding over the underlying dispute to take the necessary steps to protect the confidential materials and information that will be produced. If the concern is primarily about disclosure of confidential information to the public, as opposed to disclosure between the parties, it may not require the intervention of the U.S. court. For instance, many foreign jurisdictions, such as France and Germany, do not permit pretrial submissions to be publicly accessible; in some cases that protection may be enough to assuage the respondent’s confidentiality concerns.

On the other hand, if the respondent is concerned that the confidential information might be shared with competitive decision-makers or third parties who could use it to gain an unfair competitive advantage, and if there is reason to believe the foreign jurisdiction may not accord confidential or trade secret information the same level of confidentiality protection as would a U.S. court, the

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<sup>59</sup> *Id.*

<sup>60</sup> *See* *Illumina Cambridge Ltd. v. Complete Genomics, Inc.*, No. 19-mc-80215-WHO, 2020 WL 1694353, at \*5–6 (N.D. Cal. Apr. 7, 2020) (refusing to modify order under 28 U.S.C. § 1782 allowing petitioner to obtain confidential information potentially encompassing trade secret information where a protective order already was in place, but ordering the parties “to abide by the protective order . . . [and to] cooperate in the foreign proceedings in order to maintain the confidentiality of respondents’ sensitive information.”).

respondent should immediately raise these issues with the court entertaining the Section 1782 request. It should be prepared to educate the court about the chances that if its confidential information is produced in response to the request, the information will be disclosed to the public, third parties, or competitive decision-makers. This education process may be enhanced by obtaining declarations from foreign counsel about the foreign country’s sealing or confidentiality procedures, and legal protections for intellectual property such as trade secret information—or lack thereof. The respondent should also be prepared to explain to the U.S. court the potential significant consequences if the information is disclosed to the public, third parties, or competitive decision-makers, including concrete evidence of the kinds of harm, such as competitive harm, that will occur.

For these reasons, it is entirely appropriate for a respondent to a Section 1782 request to raise with the district court the question whether the request seeks “highly sensitive” discovery, and whether there is a “lack of certainty that its confidentiality can be maintained.”<sup>61</sup> This reasoning aligns with the Supreme Court’s observation in *Intel* that “unduly intrusive or burdensome requests may be rejected or trimmed.”<sup>62</sup> The respondent should also be prepared to ask the district court to evaluate whether the evidence reflects that disclosure of the responding party’s confidential or trade secret information, even if limited, would irreparably harm the company.<sup>63</sup>

**Best Practice No. 6 – A party subject to a request under 28 U.S.C. § 1782 should immediately identify to the court supervising the application any concerns it has with the breadth of the requested discovery, particularly when it encompasses confidential or trade secret information.**

The respondent should be prepared to immediately highlight to the court entertaining the Section 1782 application any discovery requests related to the intellectual property and other confidential information that the respondent contends are overbroad or are not narrowly tailored to the foreign dispute. A district court is not required to grant a request pursuant to Section 1782 “simply because it has the power to do so.”<sup>64</sup> The potential overbreadth of the underlying requests is a relevant consideration for the court to consider when granting or denying such an application.<sup>65</sup> For the same reason, a district court has no obligation to “trim” a discovery request after it determines the request is overbroad, because it is the statute, not the Federal Rules of Civil Procedure, that governs its decision.<sup>66</sup> And at least one court has cited the failure of the party seeking information pursuant to 28 U.S.C. § 1782 to tailor its requests before serving its subpoenas, coupled with the confidential nature of the information sought, as a basis to deny the request.<sup>67</sup>

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<sup>61</sup> *Andover Healthcare, Inc. v. 3M Co.*, 817 F.3d 621, 623–34 (8<sup>th</sup> Cir. 2016).

<sup>62</sup> *Id.* (quoting *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. at 265).

<sup>63</sup> *Id.*

<sup>64</sup> *Intel*, 542 U.S. at 264.

<sup>65</sup> *See, e.g., In re Application for an Order Pursuant to 28 U.S.C. § 1782*, 473 F. App’x 2, 4 (D.C. Cir. 2012).

<sup>66</sup> *Id.*

<sup>67</sup> *Baxalta Inc. v. Genentech Inc.*, No. 16-mc-80087-EDL, 2016 WL 11529803, at \*9 (N.D. Cal. Aug. 9, 2016).

**Best Practice No. 7 – A party subject to a subpoena pursuant to 28 U.S.C. § 1782 should promptly identify to the court and provide authoritative support for any contention that the requests for confidential or trade secret information implicate any legally applicable privilege and seek appropriate judicially enforceable protection for such information.**

Section 1782 provides in relevant part that “[a] person may not be compelled to give his testimony or statement or produce a document or other thing in violation of any legally applicable privilege.”<sup>68</sup> Thus, even if the statutory and discretionary *Intel* factors support an application pursuant to Section 1782, an applicant may not discover information that is immune from discovery.<sup>69</sup>

It is also settled that this immunity extends not only to privilege under U.S. law but to “privileges recognized by foreign law.”<sup>70</sup>

In recognition that either U.S. or foreign privileges may be raised as objections to a Section 1782 application, Best Practice No. 7 seeks to promote early identification of privileges that may be implicated to promote prompt resolution of such issues. One issue that is beyond the scope of this paper and is expected to be addressed further in a Stage 3 paper is whether U.S. or foreign privilege law should govern. In a number of the Section 1782 decisions in which privilege objections have been raised and considered by the courts, both U.S. and foreign privilege law have been addressed.<sup>71</sup>

Based on the limited case law examining privilege objections to Section 1782 applications, it is the consensus that parties raising objections especially under foreign privilege law should provide authoritative support for the existence and specific application of the foreign privilege. In the *Ecuadorian Plaintiffs* case, Ecuadorian citizens appealed an order compelling discovery sought by Chevron of an environmental consultant relating to litigation in Ecuador. The Fifth Circuit affirmed a district court order rejecting claims of privilege under Ecuadorian law.<sup>72</sup> The court explained that “to avoid ‘speculative foray[s] into legal territories unfamiliar to Federal judges’ parties must provide ‘authoritative proof’ that a foreign tribunal would reject evidence ‘because of a violation of [an] alleged [foreign] privilege.’”<sup>73</sup> The court rejected an affidavit from an Ecuadorian attorney suggesting Ecuadorian privilege law barred such discovery.<sup>74</sup> It also noted the absence of any judicial, executive, or legislative declaration clearly demonstrating that discovery would violate Ecuadorian judicial norms.

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<sup>68</sup> 28 USC § 1782(a).

<sup>69</sup> See *Ecuadorian Plaintiffs v. Chevron Corp.*, 619 F.3d 373, 377 (5th Cir. 2010); *In re Veiga*, 746 F. Supp 2d. 27, 32 (D.D.C. 2010).

<sup>70</sup> *Ecuadorian Plaintiffs*, 619 F.3d at 377 (citing S. Rep. No. 88-1590 (1964) reprinted in 1964 U.S.C.C.A.N. 3782, 3790).

<sup>71</sup> See *Ecuadorian Plaintiffs*, 619 F.3d at 377–80; *In re Veiga*, 746 F. Supp 2d. at 33–38.

<sup>72</sup> *Ecuadorian Plaintiffs*, 619 F. 3d at 380.

<sup>73</sup> *Id.* at 378 (citations omitted).

<sup>74</sup> *Id.*

Another more recent decision involving foreign privilege objections to a Section 1782 application reached a similar conclusion. In this decision, defendants in Dutch litigation over corporate transactions subpoenaed documents and testimony pursuant to Section 1782 from certain financial institutions in the U.S. for use in the Dutch litigation.<sup>75</sup> The respondents argued that discovery violated Dutch privilege law and U.S. attorney-client privilege and the work-product doctrine.<sup>76</sup> The district court concluded that to prevail, objecting parties “must provide authoritative proof that a foreign tribunal would reject evidence because of a violation of an alleged foreign privilege.” In this case, the district court rejected as “conclusory” an affidavit from Dutch counsel explaining Dutch privilege law and reiterated the need for judicial, executive, or legislative declarations clarifying Dutch law.<sup>77</sup>

In light of the limited case law examining privilege objections to Section 1782 discovery, it is incumbent on respondents to come forward promptly with specific proof of the existence of privilege. In the case of objections based on foreign privilege claims, the best practice is for authoritative proof of the basis for such claims to be presented. Although declarations of foreign counsel may be helpful background, they are not likely to be sufficient without declarations from foreign legislative, executive, or judicial authorities supporting the foreign privilege.

### **C. NEGOTIATING A PROTECTIVE ORDER TO MAINTAIN CONFIDENTIALITY OF INFORMATION PRODUCED PURSUANT TO 28 U.S.C. § 1782**

**Best Practice No. 8 – The parties should seek to negotiate a protective order that could also be ordered by the receiving foreign court if necessary to enable the discovery to be used in that jurisdiction. The protective order should contain provisions ensuring that any improper or inadvertent disclosure of any confidential or trade secret information will be subject to legal and equitable remedies adequate to prevent the producing party from being placed in a materially worse position as a result of such disclosure.**

A party served with a subpoena pursuant to Section 1782 will be keen to ensure that its confidential or trade secret information is protected to the greatest extent possible. The party will likely only want to produce any confidential or trade secret information if the application is granted, and only if the U.S. court first issues a protective order. A protective order will usually only permit disclosure of confidential information on an attorneys’-eyes-only basis and will usually provide that the lawyers and experts acting in the foreign proceeding must first execute the protective order before obtaining access to the confidential or trade secret information produced in response to the Section 1782 application.

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<sup>75</sup> *In re Tinsel Group, S.A.*, 2014 WL 243410 (S.D. Tex. Jan 22, 2014).

<sup>76</sup> *Id.*

<sup>77</sup> The court also proceeded to reject respondents U.S. privilege claims. *Id.*

This process frequently will be complicated by the fact that the responding party in a Section 1782 proceeding typically is not one of the actual or contemplated parties involved in the foreign proceeding. Furthermore, the nonrequesting party in the actual or contemplated foreign proceeding will typically not be involved in the Section 1782 proceeding, meaning that its counsel ordinarily will have little participation in the negotiation or enforcement of any protective order drafted by the parties in that proceeding. Particularly given that the Section 1782 request may be entertained *ex parte* by the court in the United States, there is no guarantee that the nonrequesting party to the foreign proceeding will have an opportunity to intervene at all to present its own concerns (which may be different from those of the responding party) about the nature or use of any confidential or trade secret information pursuant to the Section 1782 request.

In part due to the particular concerns around confidential or trade secret information, some United States courts, citing the fourth *Intel* factor, have denied such applications solely on the ground that a such a subpoena comprises unduly burdensome or intrusive requests. These courts have concluded that such requests can be unduly burdensome where the applicant broadly seeks confidential or trade secret information of either the party involved with the foreign proceeding or of the Section 1782 respondent, especially if the confidential or trade secret information sought is already the subject of protective orders entered in other litigation.<sup>78</sup>

Accordingly, counsel for a party making a Section 1782 request should contemplate that the court will need assurances that any protective order will not only guard against disclosures of any confidential or trade secret information that could prejudice the responding party, but also the other parties to the pending or contemplated foreign proceedings. Such provisions may include guarantees that the court entertaining the request will continue to possess jurisdiction to enforce the protective order and remedy any disclosures of the confidential or trade secret information.<sup>79</sup>

However, even if the court is willing to issue such a protective order, the production and use of the information in the foreign action may still prove to be complicated. For instance, counsel acting for the adverse party in the foreign litigation might refuse to sign the U.S. court’s protective order on the basis that their counsel (or experts) should not have to submit to another court’s jurisdiction. If this impasse cannot be resolved, the U.S. court might not compel the production, or even if produced, the foreign court might not permit the Section 1782 discovery be admitted into the case.

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<sup>78</sup> See, e.g., *In re Ex Parte Application of Qualcomm, Inc.*, 162 F. Supp. 3d 1029, 1042–43 (N. D. Cal. 2016) (denying patentee’s *ex parte* Section 1782 request to take discovery from American companies, where the Korean Fair Trade Commission had previously charged the patentee with violating South Korean antitrust law in its licensing of standard-essential patents, and the court concluded that many of the documents responsive to the requests contained information designated as confidential by the American companies and subject to protective orders issued by the court and the United States International Trade Commission); *In re Pioneer Corp.*, No. CV 18-4524 JAK (SSx), 2018 WL 4963126, at \*6 (C.D. Cal. Aug. 27, 2018) (denying reconsideration of an early decision to deny a request under Section 1782 for discovery from an American entity related to the defendant in a German patent infringement proceeding, in part because there were no assurances that “the highly sensitive information” sought by the patent owner “about its own competitors would truly be protected”).

<sup>79</sup> E.g., *In re Application of Proctor & Gamble Co.*, 334 F. Supp. 2d 1112, 1117 (W.D. Wis. 2004) (permitting discovery to be produced pursuant to a Section 1782 application, but only if the documents generated would remain confidential even in the foreign courts and suggesting one solution would be for the court to retain jurisdiction over the matter to ensure the confidentiality order would be enforced).

One potential workaround for this problem could involve having the foreign presiding court replicate, if possible, the terms of the U.S. protective order in an order of its own; the producing party may be satisfied with the assurances that even if certain individuals will not sign the U.S. protective order, the foreign court will enforce equivalent terms. However, this may not be straightforward because the foreign court may not be willing effectively to delegate its discretion as to the confidentiality terms. A particular issue may arise if the foreign court has already made an order governing confidentiality in the proceedings. The foreign court and some of the parties may insist on the existing terms and, accordingly, the practical way forward would be to seek for the U.S. court’s protective order to be on those terms, assuming that they are sufficiently robust. The foreign court may also be prepared to allow the producing party the right to enforce its order (which occurred by consent in the English case of *HTC v. Nokia*<sup>80</sup>).

Therefore, the party seeking to use the documents in the foreign case should consult closely with the lawyers acting in that jurisdiction in order to ensure that the terms of the protective order (so far as practicable) are terms that the foreign court would be prepared to order or that reflect the terms that the foreign court has already ordered. In the event that the adverse parties’ lawyers in the foreign court refuse to sign the protective order, the producing party should be consulted in order to ascertain whether it would be prepared to allow its documents to be subject to the foreign court’s jurisdiction in relation to the persons unwilling to sign the protective order (with the potential for them to be made a party to the relevant order for enforcement purposes).

#### **D. TREATMENT OF DOCUMENTS WITHIN POSSESSION, CUSTODY, OR CONTROL THAT ARE LOCATED OUTSIDE OF THE U.S.**

**Best Practice No. 9 – Where a Section 1782 request would require producing confidential or trade secret information located outside the U.S., the parties to the 1782 action should promptly bring this to the court’s attention and be prepared to address whether such production is appropriate, both in the context of the usual discretionary factors considered in a 1782 analysis and any other specific issues implicated by the request—such as the appropriateness of seeking extraterritorial information from an affiliate of the 1782 target.**

Thus far, two circuit courts have examined whether Section 1782 prohibits discovery of documents located abroad, and both concluded that there is no per se rule against using Section 1782 to seek documents located outside the United States. The text of Section 1782 provides that a U.S. district court may order a person to produce a document or thing, but on its face does not address the geographic scope of where such document or thing may be located. The Second Circuit, although it had previously opined in dicta that “there is reason to think Congress intended to reach only

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<sup>80</sup> *E.g.*, *HTC v. Nokia*, [2013] EWHC 2917 (Pat). In this case, the barristers for HTC declined to sign the U.S. Protective Order in relation to documents obtained from Qualcomm by Nokia under a Section 1782 application. HTC asked the English Court to order disclosure of the Section 1782 materials held by Nokia’s solicitors in order for the documents to be submitted into the case. Nokia resisted, and the Court refused to make an order that would circumvent the terms of the protective order.

evidence located within the United States,”<sup>81</sup> more recently held “that there is no per se bar to the extraterritorial application of § 1782.”<sup>82</sup> In doing so, the Second Circuit joined the Eleventh Circuit, which had previously held that Section 1782 provides for production in accordance with the Federal Rules of Civil Procedure, and Rule 45 sets out limits on the location of production but not on the location of documents to be produced: “the location of responsive documents and electronically stored information—to the extent a physical location can be discerned in this digital age<sup>83</sup>—does not establish a per se bar to discovery under Section 1782.”<sup>84</sup>

In the absence of such a per se prohibition, courts have applied the *Intel* discretionary factors in considering such requests, including the third factor: “whether the § 1782(a) request conceals an attempt to circumvent foreign proof-gathering restrictions or other policies of a foreign country or the United States.”<sup>85</sup> The location of the materials sought by applicants has therefore been viewed, for example, as “at most . . . a discretionary consideration” to be weighed in assessing “the alleged hardship and burden.”<sup>86</sup>

As discussed in Best Practice No. 1, courts have examined the fact-specific inquiry of the third *Intel* factor using various considerations. As discussed in the commentary to Best Practice No. 1, the Supreme Court held that Section 1782 imposes no foreign discoverability requirement.<sup>87</sup> On the other hand, courts have applied the third *Intel* factor to exercise their discretion to preclude Section

<sup>81</sup> *In re Application of Sarrío, S.A.*, 119 F.3d 143, 147 (2d Cir. 1997); *and see In re Godfrey*, 526 F. Supp. 2d 417, 423 (S.D.N.Y. 2007) (Section 1782 does not allow discovery of documents located outside the U.S., citing cases); *see also In re Kreke Immobilien KG*, No. 13 Misc. 110 (NRB), 2013 WL 5966916 at \*4 (S.D.N.Y. Nov. 8, 2013) (denying a § 1782 request noting that “[t]he bulk of authority in this Circuit” suggests that a § 1782 respondent cannot be compelled to produce documents located abroad,” quoting *In re Godfrey*, 526 F. Supp. 2d 41; *and see Pinchuk v. Chemstar Prods. LLC*, No. 13-mc-306-RGA, 2014 WL 2990416, at \*4 (D. Del. June 26, 2014) (quashing a discovery request for documents located abroad).

<sup>82</sup> *In re del Valle Ruiz*, 939 F.3d 520, 524 (2d Cir. 2019). *See also Accent Delight Int’l Ltd. v. Sotheby’s, Inc.*, 791 F. App’x. 247 (2d Cir. 2019).

<sup>83</sup> In fact, the physical location of digital copies of documents in cloud storage could be both specified and determined with accuracy to the national level well prior to 2016; and, in general, the fact that existence of an internetworked “cloud” permits access to remotely stored data doesn’t support a position that the geographic location of documents stored off-premises in a collocated data center or in vendor cloud storage buckets cannot be determined with reasonable certainty. *See, e.g., Microsoft Corp. v. United States (In re Warrant to Search a Certain E-mail Account Controlled & Maintained by Microsoft Corp.)*, 829 F.3d 197 (2d Cir. 2016).

<sup>84</sup> *Sergeeva v. Tripleton Int’l Ltd.*, 834 F.3d 1194, 1200 (11th Cir. 2016).

<sup>85</sup> *In re Tovmasyan*, 557 F. Supp. 3d 348, 353 (D.P.R. 2021), quoting *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241, 264–65 (2004); *and see Kiobel v. Cravath, Swaine & Moore LLP*, 895 F.3d 238, 244 (2d Cir. 2018).

<sup>86</sup> *In re Gemeinschaftspraxis Dr. Med. Schottdorf*, No. Civ. M19-88 (BSJ), 2006 WL 3844464, at \*5; *and see, e.g., In re Accent Delight Int’l Ltd.*, 16-MC-125 (JMF), 2018 WL 2849724 (S.D.N.Y. June 11, 2018), affirmed on other grounds *In re Accent Delight Int’l Ltd.*, 696 F. App’x 537, 539 (2d Cir. 2017) (summary order) (the fact that documents are present abroad goes to whether the requested discovery would be unduly burdensome as an *Intel* discretionary factor.).

<sup>87</sup> *Intel Corp. v. Advanced Micro Devices, Inc.*, 542 U.S. 241, 253 (2004); *see also In re Hulley Enters., Ltd.*, 358 F. Supp. 3d 331, 347–48 (S.D.N.Y. 2019) (“[R]espondents argue that the documents should have been sought through proceedings in the Netherlands and Russia. The Second Circuit, however, has repeatedly made clear that there is no “exhaustion” requirement under Section 1782.”) *See, e.g., Mees v. Buitter*, 793 F.3d 291, 303 (2d Cir. 2015); *In re Application for an Order Permitting Metallgesellschaft AG to take Discovery*, 121 F.3d 77, 79 (2d Cir. 1997).

1782 discovery of a nonparty to the foreign proceeding in a manner not permitted in the country where the proceeding is held.<sup>88</sup> For example, where a court determined that an applicant is merely attempting to “avoid or preempt an unfavorable decision” in the foreign or international tribunal,” the court has denied the application.<sup>89</sup> Absent evidence of an applicant trying to avoid an unfavorable decision, courts may examine the discovery procedures of the foreign tribunal to determine if there are any restrictions placed on discovery; if none exist, this factor weighs in favor of granting the application.<sup>90</sup> On the other hand, it might be argued that circumvention lies in the party who refuses to avail itself of discovery processes that exist in the jurisdiction of the dispute; *i.e.*, the party who seeks discovery by means of Section 1782 when there are alternative methods of evidence-gathering available in the foreign jurisdiction is showing insufficient deference to the foreign jurisdiction.

While a party seeking foreign documents in a Section 1782 proceeding typically is not required to demonstrate that it cannot directly obtain the material it seeks in the foreign jurisdiction where the documents are located, some courts have interpreted *Intel* as requiring that the party seeking Section 1782 discovery must show that use of the discovery obtained via Section 1782 would actually be allowed in the underlying foreign proceedings. Other courts have held that while the Section 1782 action should not comprise an affirmative effort to circumvent the laws or public policy of either the U.S. or another country, how the Section 1782 production would eventually be treated by the foreign tribunal is irrelevant, *i.e.* “[S]ection 1782 does not require that the material sought be discoverable or even admissible in the foreign proceedings.”<sup>91</sup> The third *Intel* factor may also be seen at work in court rulings denying a Section 1782 application on the ground that the applicant paid insufficient deference to foreign rules that prohibit the admission of the evidence in question if it is obtained in contravention of a blocking statute. If the foreign jurisdiction would affirmatively bar the disclosure of the information sought, it is not surprising that U.S. courts would be much less likely to grant the Section 1782 application, if for no other reason than that it is hard to conclude the information is important to the foreign proceeding if the foreign court would not admit it into

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<sup>88</sup> *Illumina Cambridge Ltd. v. Complete Genomics, Inc.*, No. 19-mc-80215-WHO(TSH), 2020 WL 820327 (N.D. Cal. Feb. 19, 2020).

<sup>89</sup> *In re Clerici*, 481 F.3d 1324, 1334 (11th Cir. 2007) (“[U]nduly intrusive or burdensome requests may be rejected or trimmed.” (quoting *Intel*, 542 U.S. at 264) (internal quotation marks omitted)).

<sup>90</sup> *Matter of Lufthansa Technik AG*, No. C17-1453-JCC, 2019 WL 331839, at \*1 (W.D. Wash. Jan. 25, 2019); *see also In re Eli Lilly & Co.*, 37 F.4th 160, 167–68 (4th Cir. 2022) (holding district court did not abuse discretion by denying a § 1782 application by focusing particularly on the third and fourth *Intel* factors, or in concluding that discovery requested by the § 1782 plaintiff was (1) “unduly burdensome” because the plaintiff gave “no indication” that the materials it sought were “located in the Eastern District of Virginia or even in the United States;” “in essence request[ing] that a substantial volume of data and materials located abroad be brought into the United States for subsequent use in proceedings abroad, a nonsensical result”; and (2) “an attempt to circumvent foreign discovery procedures in the parties’ pending European suits,” particularly in view of the fact that four discovery motions pending in the underlying Irish proceedings with significant overlap with the § 1782 application had been adjudicated).

<sup>91</sup> *In re Barnwell Enters. Ltd.*, 265 F. Supp. 3d 1, 12 (D.D.C. 2017).

evidence.<sup>92</sup> Best Practice No. 2 addresses issues regarding the importance of the information sought to the foreign proceeding.

The intent to circumvent addressed by *Intel* Factor Three might be inferred in some circumstances from the Section 1782 applicant’s statements and the availability of the discovery in the foreign jurisdiction. U.S. courts are particularly sensitive about attempts to obtain documents via Section 1782 actions against U.S. law firms that possess the documents only because they represent a party in related litigation. As the Second Circuit observed in a situation where a Section 1782 petitioner sought to subpoena a New York law firm to produce documents that had been generated in United States litigation for use in a Netherlands proceeding, despite the fact that a confidentiality order in the U.S. litigation barred the use of the documents outside that litigation: “[S]tatements made by [Section 1782 movant’s] counsel demonstrate that [she] is trying to circumvent the Netherlands’ more restrictive discovery practices, which is why they are seeking to gather discovery [] in the U.S . . . [and that while she] may “request” copies of documents . . . it is hardly possible for a party to obtain evidence from another party pre-trial’ in the Netherlands. So to bypass Dutch discovery restrictions and gain access to documents she could not otherwise acquire, [she] is turning to Section 1782.”<sup>93</sup> And as the Second Circuit further observed, “[I]f foreign clients have reason to fear disclosing all pertinent documents to U.S. counsel, the likely results are bad legal advice to the client and harm to our legal system.”<sup>94</sup>

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<sup>92</sup> Union Fenosa Gas, S.A., v. Depository Tr. Co., 20 Misc. 188, 2020 WL 2793055, at \*8 (S.D.N.Y. May 29, 2020).

<sup>93</sup> *Kiobel* v. Cravath, Swaine & Moore LLP, 895 F.3d 238, 245 at n.3 (2d Cir. 2018), *cert. denied*, 139 S. Ct. 852, (2019). In *Kiobel*, the Second Circuit also noted: “The Supreme Court has stressed the need for ‘full and frank communication between attorneys and their clients,’ which ‘promote[s] broader public interests in the observance of law and administration of justice’” (citing *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981)); and *In re Grand Jury Subpoena Duces Tecum Dated Sept. 15, 1983*, 731 F.2d 1032, 1036–37 (2d Cir. 1984) (“The availability of sound legal advice inures to the benefit not only of the client who wishes to know his options and responsibilities in given circumstances, but also of the public which is entitled to compliance with the ever growing and increasingly complex body of public law.”). *See also In re Hulley Enters., Ltd.*, 358 F. Supp. 3d 331, 352–53 (S.D.N.Y. 2019) (“We believe it to be ‘unduly intrusive or burdensome,’ to quote the fourth *Intel* factor, to require an American law firm with an office in a foreign country to potentially be directed to act in contravention of that foreign country’s law. Additionally, in light of the lack of clarity in Russian law, we are troubled by the prospect of issuing an order that potentially results in treating an American law firm with a presence in a foreign country differently from how a law firm in that country with no American office would have been treated by a Russian court.”).

<sup>94</sup> *Kiobel*, 895 F.3d at 247. One special situation that merits consideration in Section 1782 actions involves where the documents subpoenaed encompass computer source code stored on foreign servers. As the Second Circuit in *Kiobel* also observed: “In order to avoid potential disclosure issues under Section 1782, U.S. law firms with foreign clients may be forced to store documents and servers abroad, which would result in excessive costs to law firms and clients. Alternatively, U.S. law firms may have to return documents like source code to foreign clients (or destroy them) as soon as litigation concludes.” *Id.* To that end, the Second Circuit noted that the New York City Bar Association as amicus raised the issue that “‘New York State Bar Ethics Opinion 780 states that law firms have an interest in retaining documents where needed to protect themselves from accusations of wrongful conduct. So U.S. law firms may be harmed if they must destroy or return a foreign client’s documents as soon as possible once a proceeding is completed. Or foreign entities may simply be less willing to engage with U.S. law firms.’” *Id.* This observation warrants particular caution where the subpoenaed documentation is computer source code residing on a foreign server, which by its very nature will constitute confidential or trade secret information that a foreign entity may be particularly reluctant to produce to U.S. law firms for any purpose if it may be exposed to future Section 1782 demands.

Questions of the extent of possession, custody, and control may also bear on discovery of documents located abroad, including situations in which the request raises issues regarding documents held by an affiliate of request’s target.<sup>95</sup> Depending on the circumstances of a specific request, however, it may not always be necessary to examine issues regarding the actual location of the requested information. Some courts have avoided the extraterritoriality issue, holding that the physical location of the responsive information is irrelevant, and there is no reason for a court to affirmatively rule except to the extent that the respondent’s possession, custody, or control of the information is in dispute.<sup>96</sup>

**Best Practice No. 10 – The court considering a request under 28 U.S.C. § 1782 should be notified if either side has reason to believe the requested discovery is subject to export control restrictions, i.e., information that can only be exported, if at all, with restrictions or pursuant to an export license granted by one or more federal regulatory authorities.**

Discovery requests under Section 1782 could be subject to different restrictions imposed by U.S. export control laws and regulations that, if applicable, could prohibit or at least restrict production of discovery in response to a Section 1782 request. “The U.S. export controls system restricts exports of certain equipment, technology, and software in order to safeguard national security interests as well as further foreign policy goals.”<sup>97</sup>

The U.S. has a number of complex and changing export control laws and regulations that place varying degrees and types of restrictions on exporting outside of the U.S. different technical and other information that may include confidential or trade secret information. The primary U.S. export control laws and regulations include:

- Export Control Reform Act<sup>98</sup> and Export Administration Regulations;<sup>99</sup>

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<sup>95</sup> See, e.g., *In re del Valle Ruiz*, 939 F.3d 520, 533–34 (2d Cir. 2019) (affirming ruling that it was not overly burdensome to require a bank to produce documents from its foreign subsidiary under Section 1782); *Sergeeva v. Tripleton Int’l Ltd.*, 834 F.3d 1194, 1200 (11th Cir. 2016) (holding that § 1782 reaches “responsive documents and information located outside the United States” so long as it is within the “possession, custody, or control of” the discovery target); *In re Matter of De Leon*, Case No. 1:19-mc-15, 2020 WL 1180729, at \*4–5 (S.D. Ohio Mar. 12, 2020) (permitting applicant to subpoena entity located in Ohio and ordering production of documents from entity’s foreign affiliates, finding the documents were still in the custody and control of the domestic entity), *appeal dismissed*, No. 20-3406, 2020 WL 3969865 (6th Cir. May 26, 2020); *De Leon v. Clorox Co.*, No. 19-mc-80296-EMC, 2021 WL 718840 at \*4 (N.D. Cal. Feb. 24, 2021) (same).

<sup>96</sup> *In re Stati*, No. 15-MC-91059-LTS, 2018 WL 474999, at \*6 (D. Mass. Jan. 18, 2018) (“At this juncture, it is not necessary to take a position because, even if the location is not an absolute bar, this court will ‘not prescribe otherwise,’ 28 U.S.C. § 1782(a), but, rather, will apply the possession, custody, or control of documents requirements in Rule 45(a)(1), as urged by petitioners.”). This approach was also followed in *Illumina Cambridge v. Complete Genomics*, No. 19-mc-80215-WHO(TSH), 2020 WL 820327 (N.D. Cal. Feb. 19, 2020).

<sup>97</sup> See U.S. Department of State, *Overview of U.S. Export Control System*, <https://2009-2017.state.gov/strategictrade/overview/index.htm>.

<sup>98</sup> 50 U.S.C. Ch. 58 (2018).

<sup>99</sup> 15 C.F.R. § 730.

- Arms Export Control Act<sup>100</sup> and International Traffic in Arms Regulations;<sup>101</sup>
- Atomic Energy Act of 1954<sup>102</sup> and Assistance to Foreign Atomic Energy Activities;<sup>103</sup>
- Export and Import of Nuclear Equipment and Material;<sup>104</sup> and
- Trading with the Enemy Act<sup>105</sup> and Foreign Asset Control Regulations.<sup>106</sup>

The above list of U.S. export control laws and regulations is not exhaustive. At a general level, various types of technical and other information sought by a Section 1782 request could implicate multiple different U.S. export control laws and regulations. A few examples of technical categories that sometimes include information controlled by the above U.S. export control laws and regulations include: nuclear; biotechnologies; artificial intelligence; encryption; microprocessors; advanced computer processing; robotics; ballistics; missiles; hypersonics; and advanced materials.<sup>107</sup> Section 1782 discovery falling within technological areas such as the foregoing could include a variety of different types of information subject to different U.S. export control laws and regulations.

Accordingly, the requesting and responding parties should immediately assess and notify the court if the requested Section 1782 discovery potentially implicates information subject to export restrictions. If so, the parties and the court may need to determine whether the intended recipients of the export-controlled information, whether foreign individuals or entities, would be barred from receiving it at all, or otherwise restricted upon receiving it. The prohibitions and restrictions could be based on numerous factors such as the intended recipients, the destination country, the technology itself, and the intended end use. If the export that would occur with, or follow from, production in response to the Section 1782 discovery request would be barred or restricted, then compliance with the discovery might not be permitted under U.S. law, or it may require an export license or similar approval from one or more U.S. regulatory agencies that review and approve or deny export control license applications, such as the Departments of State, Commerce, and Energy, the Nuclear Regulatory Commission, and the U.S. Treasury Department, which could potentially delay or prohibit compliance with the Section 1782 request.<sup>108</sup>

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<sup>100</sup> 22 U.S.C. Ch. 39 (1976).

<sup>101</sup> 22 C.F.R. § 120.

<sup>102</sup> 42 U.S.C.A. § 2011 (1954).

<sup>103</sup> 10 C.F.R. § 810.

<sup>104</sup> 10 C.F.R. § 110.

<sup>105</sup> 50 U.S.C.A. Ch. 53 (1917).

<sup>106</sup> 31 C.F.R. § 500.

<sup>107</sup> In addition, the Export Control Reform Act of 2018 established an interagency review process to identify “emerging and foundational technologies that are essential to the national security of the United States” that will be subject to export controls, even if not subject to existing regulations because the technology is too new.

<sup>108</sup> If the responding party is pursuing responsive discovery from locations outside the U.S., then any foreign export control and similar laws of other countries could also limit or prohibit the production of discovery responsive to a Section 1782 request.

Even if an export license is not required, U.S. export control laws and regulations may still impose restrictions on the recipients of the export-controlled information, which may warrant a request that the governing court include terms in a protective order that impose restrictions on, and require assurances from, all recipients of the information. If the requesting party intends to file the requested material in the foreign tribunal, it should also consider whether that can be done in a manner consistent with the restrictions on the dissemination of the information imposed by U.S. export control laws; and in particular whether there are procedures available at the foreign tribunal for restricting the dissemination of sensitive information filed with the tribunal. Each circumstance of a potential export should be promptly and carefully evaluated in view of the specific U.S. export control laws and regulations that govern the information and brought to the attention of the U.S. court supervising the Section 1782 application as early as possible.

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AND JUST  
WAY.”**

The Sedona Conference was founded in 1997 by Richard Braman in pursuit of his vision to move the law forward in a reasoned and just way. Richard’s personal principles and beliefs became the guiding principles for The Sedona Conference: professionalism, civility, an open mind, respect for the beliefs of others, thoughtfulness, reflection, and a belief in a process based on civilized dialogue, not debate. Under Richard’s guidance, The Sedona Conference has convened leading jurists, attorneys, academics, and experts, all of whom support the mission of the organization by their participation in conferences and the Sedona Conference Working Group Series (WGS). After a long and courageous battle with cancer, Richard passed away on June 9, 2014, but not before seeing The Sedona Conference grow into the leading nonpartisan, nonprofit research and educational institute dedicated to the advanced study of law and policy in the areas of complex litigation, antitrust law, and intellectual property rights.

The WGS was established to pursue in-depth study of tipping point issues in the areas of antitrust law, complex litigation, and intellectual property rights. It represents the evolution of The Sedona Conference from a forum for advanced dialogue to an open think tank confronting some of the most challenging issues faced by our legal system today.

A Sedona Working Group is created when a “tipping point” issue in the law is identified, and it has been determined that the bench and bar would benefit from neutral, nonpartisan principles, guidelines, best practices, or other commentaries. Working Group drafts are subjected to a peer review process involving members of the entire Working Group Series including—when possible—dialogue at one of our regular season conferences, resulting in authoritative, meaningful, and balanced final commentaries for publication and distribution.

The first Working Group was convened in October 2002 and was dedicated to the development of guidelines for electronic document retention and production. Its first publication, *The Sedona Principles: Best Practices Recommendations & Principles Addressing Electronic Document Production*, has been cited favorably in scores of court decisions, as well as by policy makers, professional associations, and legal academics. In the years since then, the publications of other Working Groups have had similar positive impact.

Any interested jurist, attorney, academic, consultant, or expert may join the Working Group Series. Members may participate in brainstorming groups, on drafting teams, and in Working Group dialogues. Membership also provides access to advance drafts of WGS output with the opportunity for early input. For further information and to join, visit the “Working Group Series” area of our website, <https://thesedonaconference.org/wgs>.

# *The Sedona Conference Working Group 10 on Patent Litigation Best Practices—List of Steering Committee Members and Judicial Advisors*

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The Sedona Conference’s Working Group 10 on Patent Litigation Best Practices Steering Committee Members and Judicial Advisors are listed below. Organizational information is included solely for purposes of identification.

The opinions expressed in publications of The Sedona Conference’s Working Groups, unless otherwise attributed, represent consensus views of the Working Groups’ members. They do not necessarily represent the views of any of the individual participants or their employers, clients, or any organizations to which they may belong, nor do they necessarily represent official positions of The Sedona Conference. Furthermore, the statements in each publication are solely those of the non-judicial members of the Working Group; they do not represent judicial endorsement of the opinions expressed or the practices recommended.

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# *The Sedona Conference Working Group 12 on Trade Secrets—List of Steering Committee Members and Judicial Advisors*

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The Sedona Conference’s Working Group 12 on Trade Secrets Steering Committee Members and Judicial Advisors are listed below. Organizational information is included solely for purposes of identification.

The opinions expressed in publications of The Sedona Conference’s Working Groups, unless otherwise attributed, represent consensus views of the Working Groups’ members. They do not necessarily represent the views of any of the individual participants or their employers, clients, or any organizations to which they may belong, nor do they necessarily represent official positions of The Sedona Conference. Furthermore, the statements in each publication are solely those of the non-judicial members of the Working Group; they do not represent judicial endorsement of the opinions expressed or the practices recommended.

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