

EXHIBIT 1

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United States Court of Appeals, Third Circuit.
BAYER AG, In re Application for an Order permitting Bayer AG to take discovery, pursuant to the Federal Rules of Civil Procedure, of Betachem, Inc. for use in an action pending in the First Instance Court No. 25 of Barcelona, Spain, Appellant,
v.
BETACHEM, INC., Appellee.
No. 98-6427.

Argued Jan. 15, 1999.
Decided April 12, 1999.

German corporation sought discovery from American corporation for use in its patent infringement action against Spanish corporations. The United States District Court for the District of New Jersey, William H. Walls, J., denied motion, but the [Court of Appeals](#), 146 F.3d 188, vacated and remanded. On remand, the District Court denied German corporation's request for production of some documents in unredacted form, and German corporation appealed. The Court of Appeals, Nygaard, Circuit Judge, held that: (1) discovery in connection with foreign litigation is generally guided by the Federal Rules of Civil Procedure, and (2) denial of German's corporation's request for unredacted documents, on ground that such discovery was cumulative, was not an abuse of discretion.

Affirmed.

West Headnotes

[1] Federal Courts 170B ↪574

170B Federal Courts
170BVIII Courts of Appeals
170BVIII(C) Decisions Reviewable
170BVIII(C)2 Finality of Determination
170Bk572 Interlocutory Orders Appealable
170Bk574 k. Other Particular Or-

ders. [Most Cited Cases](#)

Denial of discovery motion was immediately appealable where discovery dispute alone was occurring in United States and underlying litigation was in Spain. 28 U.S.C.A. §§ 1291, 1782.

[2] Federal Courts 170B ↪820

170B Federal Courts
170BVIII Courts of Appeals
170BVIII(K) Scope, Standards, and Extent
170BVIII(K)4 Discretion of Lower Court
170Bk820 k. Depositions and Discovery. [Most Cited Cases](#)

Court of Appeals reviews for abuse of discretion the district court's denial of a discovery request in connection with litigation in a foreign or international tribunal. 28 U.S.C.A. § 1782.

[3] Federal Civil Procedure 170A ↪1312

170A Federal Civil Procedure
170AX Depositions and Discovery
170AX(C) Depositions of Parties and Others Pending Action
170AX(C)1 In General
170Ak1312 k. Letters Rogatory from Without the United States. [Most Cited Cases](#)
Statute permitting discovery in connection with foreign litigation does not entitle party in foreign litigation to unbridled and unlimited discovery; rather, under the terms of the statute, the discovery process is generally guided by the Federal Rules of Civil Procedure. 28 U.S.C.A. § 1782.

[4] Federal Civil Procedure 170A ↪1312

170A Federal Civil Procedure
170AX Depositions and Discovery
170AX(C) Depositions of Parties and Others Pending Action
170AX(C)1 In General
170Ak1312 k. Letters Rogatory from Without the United States. [Most Cited Cases](#)
Under statute permitting discovery in connection

with foreign litigation, a district court should exercise its discretion while keeping in mind the aims of the statute; to that end, a district court may refuse to grant a discovery request, or may impose various conditions and protective orders attendant to the production of requested documents. [28 U.S.C.A. § 1782](#).

[5] Federal Civil Procedure 170A ↩️1312

170A Federal Civil Procedure

170AX Depositions and Discovery

170AX(C) Depositions of Parties and Others Pending Action

170AX(C)1 In General

170Ak1312 k. Letters Rogatory from

Without the United States. [Most Cited Cases](#)

District court did not abuse its discretion by denying German corporation's request for certain unredacted documents from American corporation, for use in foreign litigation against Spanish corporations, on ground that unredacted versions of documents desired would be cumulative, since district court did not thereby improperly intrude into the substantive role of the foreign forum court, and decision was not a prediction of the actions of the foreign tribunal. [28 U.S.C.A. § 1782](#); [Fed.Rules Civ.Proc.Rule 26\(b\)\(1, 2\)](#), [28 U.S.C.A.](#)

***189 Frederick L. Whitmer** (Argued), Pitney Harden Kipp & Szuch, Morristown, NJ, for Appellant.

Dwight E Yellen (Argued), Ballon, Stoll, Bader & Nadler, New York, N.Y., for Appellee

Before: [NYGAARD](#), [ALITO](#), and [LEWIS](#), Circuit Judges.

OPINION OF THE COURT

[NYGAARD](#), Circuit Judge.

[\[1\]\[2\]](#) Bayer AG appeals the District Court's denial of its motion seeking unredacted documents under [28 U.S.C. § 1782](#). Bayer contends that the unredacted information is necessary to (1) impeach the

credibility of a witness in litigation pending in Spain, and (2) discover additional information concerning a drug master file at issue. Betachem responds that the information sought is beyond the scope of the subpoena, and alternatively, that Bayer already has the information sought, albeit in a different form. The District Court had jurisdiction under [28 U.S.C. §§ 1331 and 1782](#). We have jurisdiction under [28 U.S.C. § 1291](#).^{FN1} We review the District *190 Court's denial of a discovery request made under [28 U.S.C. § 1782](#) for an abuse of discretion. See *In re Application Pursuant to 28 U.S.C. § 1782 for an Order Permitting Bayer AG to Take Discovery*, [146 F.3d 188, 191 \(3d Cir.1998\)](#) (hereinafter *In re Bayer AG*). We will affirm.

FN1. Only the discovery dispute under [28 U.S.C. § 1782](#) is occurring in the United States. Therefore, because the underlying litigation is in Spain, this discovery order is immediately appealable.

I.

The facts surrounding Bayer AG's original discovery request are amply set forth in *In re Bayer AG*, [146 F.3d at 189-91](#), where we concluded that a district court abuses its discretion when it denies a [section 1782](#) application for discovery based on its own determination that the material sought would not be discoverable or admissible in the foreign jurisdiction. Thus, we remanded the case to the District Court.

Following our remand, Betachem produced approximately four hundred documents in response to the *subpoena duces tecum*. Despite a protective order issued by the District Court, Betachem produced the documents in redacted form. Betachem contends that the redacted information was "beyond the scope of the subpoena" and included references to "other drugs, the identity of customers or potential customers, prices, marketing strategies, marketing analyses, etc." SA 2.

Bayer then requested unredacted versions of the

documents. Betachem refused, but allowed independent patent counsel for Bayer to review the original unredacted documents at the law offices of Betachem's counsel. However, patent counsel was not allowed to make any notes. After the review, patent counsel requested production of approximately seventy documents in full unredacted form. Betachem produced thirty-five of the requested documents.

After considering arguments from both counsel, the District Court concluded that the requested information was cumulative and that "the aims of discovery" were "more than met by the redacted information being furnished." AA 63. Therefore, the District Court denied Bayer's request for the unredacted documents. Bayer now appeals and contends that the District Judge abused its limited discretion under 28 U.S.C. § 1782 by imposing upon Bayer, and the statute, requirements not enacted by Congress.

II.

First, we note that our previous decision did not imply that Bayer is entitled to all discovery sought. See *In re Bayer AG*, 146 F.3d at 196 ("Our discussion is not intended to suggest that Bayer is necessarily entitled to have its application granted. That determination will have to await the district court's proper exercise of its discretion on remand when it will be free to consider the relevance of factors not before us, such as the timeliness of Bayer's application and appropriate measures, if needed, to protect the confidentiality of the materials."). Second, we also commented that "[t]he reference in § 1782 to the Federal Rules suggests that under ordinary circumstances the standards for discovery under those rules should also apply when discovery is sought under the statute." *Id.* at 195. The party opposing discovery has the "burden of demonstrating offense to the foreign jurisdiction, or any other facts warranting the denial of a particular application." *Id.* at 196.

Section 1782 states in relevant 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.... The order may be made pursuant to a letter rogatory issued, or request made, by a foreign or international tribunal or upon *191 the application of any interested person.... 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.

28 U.S.C. § 1782(a).

[3] Congress enacted section 1782 to further the following goals: "facilitat[ing] the conduct of litigation in foreign tribunals, improv[ing] international cooperation in litigation, and put[ting] the United States into the leadership position among world nations." *In re Bayer AG*, 146 F.3d at 191-92. However, these goals do not in turn mean that a party in foreign litigation is entitled to unbridled and unlimited discovery under the statute. To the contrary, under the terms of the statute, the discovery process is generally guided by the Federal Rules of Civil Procedure.

[4] As we noted in *In re Bayer AG*, 146 F.3d at 195, "[t]he reference in § 1782 to the Federal Rules suggests that under ordinary circumstances the standards for discovery under those rules should also apply when discovery is sought under the statute." Moreover, "[t]he permissive language of section 1782 vests district courts with discretion to grant, limit, or deny discovery." *In re Metallgesellschaft AG*, 121 F.3d 77, 79 (2d Cir.1997). Thus, a district court should exercise its discretion while keeping in mind the aims of the statute. To that end, a district court may refuse to grant a discovery request, or may impose various conditions and protective orders attendant to the production of requested documents. See *In re Bayer AG*, 146 F.3d at 192.

The applicable Federal Rules of Civil Procedure concerning discovery state in relevant part:

(1) In General. Parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action whether it relates to the claim or defense of the party seeking discovery or to the claim or defense of any other party, including the existence, description, nature, custody, condition and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of any discoverable matter. The information sought need not be admissible at the trial if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.

(2) Limitations.... The frequency or extent of use of the discovery methods otherwise permitted under these rules and by any local rule shall be limited by the court if it determines that: (1) the discovery sought is unreasonably cumulative or duplicative, or is obtainable from some other source that is more convenient, less burdensome or less expensive.

[Fed.R.Civ.P. 26\(b\)\(1\) & \(2\)](#).

[5] Although the scope of discovery under the Federal Rules is unquestionably broad, this right is not unlimited and may be circumscribed. See *Micro Motion, Inc. v. Kane Steel Co.*, 894 F.2d 1318, 1322 (Fed.Cir.1990) (citing *Hickman v. Taylor*, 329 U.S. 495, 507, 67 S.Ct. 385, 391, 91 L.Ed. 451 (1947)). The Federal Rules of Civil Procedure expressly allow a district court to use its discretion and deny discovery requests if the material sought is “unreasonably cumulative.” [Fed.R.Civ.P. 26\(b\)\(2\)](#). Here, the District Court examined some of the documents, listened to arguments presented by counsel and concluded that unredacted versions of the documents desired would be “cumulative” and that Bayer already “discovered the gold” but refused to acknowledge it. AA 54, 58. During oral argument, counsel for Bayer stated that the only substantive redactions involved names of customers.

Although patent counsel for Bayer was not allowed to take notes during his document review, counsel did spend several hours scrutinizing unredacted original documents which contained the names of Betachem's*192 customers. SA 34-40. Additionally, counsel for Bayer twice mentions by name in correspondence to the District Court the supposedly unknown customer AA 24, 27. Last, the Spanish interrogatories which were produced to Bayer in unredacted form with English translation contain the name of the unknown customers. SA 47-54. Despite Bayer's assertions, this conclusion by the District Court does not “improperly intrude ... into the substantive role of the foreign forum court.” Bayer Br. at 9. Likewise, the decision is not a prediction of the actions of the foreign tribunal. *But cf. In re Bayer AG*, 146 F.3d at 192 (commenting that “it ‘would contradict the express purpose of [section 1782](#)’ if the American court were required to predict the actions of another country's tribunal” and finding that the District Court's requirement that requested discovery be discoverable in the foreign jurisdiction exceeded the proper scope of [section 1782](#)) (quoting *John Deere Ltd. v. Sperry Corp.*, 754 F.2d 132, 136 (3d Cir.1985)). Rather, the decision is fully within the discretion granted the District Court under the Federal Rules of Civil Procedure which are incorporated by reference into [28 U.S.C. § 1782](#).

III.

In summary, [section 1782](#), entitled “Assistance to foreign and international tribunals and to litigation before such tribunals,” incorporates by reference the scope of discovery permitted by the Federal Rules of Civil Procedure. See [28 U.S.C. § 1782](#). [Rule 26 of the Federal Rules of Civil Procedure](#) expressly grants a district judge the authority to deny discovery when the information sought is “unreasonably cumulative.” [Fed.R.Civ.P. 26](#). Although the information already obtained may not be in the form most desired by Bayer, we cannot say that the District Court abused its discretion by denying Bayer's request for certain unredacted doc-

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uments. Accordingly, we will affirm the District Court's denial.

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