

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. 8:22-cv-00979-DOC-KESx

Date: August 24, 2023

Title: MGI DIGITAL TECHNOLOGY S.A. V. DUPLO U.S.A. CORPORATION

PRESENT: THE HONORABLE DAVID O. CARTER, JUDGE

Karlen Dubon
Courtroom Clerk

Not Present
Court Reporter

ATTORNEYS PRESENT FOR
PLAINTIFF:
None Present

ATTORNEYS PRESENT FOR
DEFENDANT:
None Present

**PROCEEDINGS (IN CHAMBERS): ORDER DENYING MOTION TO
APPOINT COMMISSIONER
PURSUANT TO THE HAGUE
CONVENTION AND GRANTING
MOTION FOR ISSUANCE OF
LETTERS OF REQUEST [121]**

Before the Court is Defendant Duplo U.S.A. Corporation’s (“Duplo USA” or “Defendant”) Motion for an Order Appointing a Commissioner Pursuant to the Hague Convention and Issuance of Letters of Request for International Judicial Assistance (“Motion” or “Mot.”) (Dkt. 121). The Court finds this matter appropriate for resolution without oral argument. *See* Fed. R. Civ. P. 78; C.D. Cal. R. 7-15. Having reviewed the moving papers submitted by the parties, the Court **DENIES IN PART** and **GRANTS IN PART** Plaintiff’s Motion.

I. Background

This case arises out of the alleged infringement of four patents belonging to Plaintiff MGI Digital Technology S.A. (“MGI” or “Plaintiff”) relating to ink jet printers and the ink used in connection with these printers. *See* Compl. (Dkt. 1) ¶¶ 9-13. Plaintiff MGI is a manufacturer of digital printing and finishing presses that is organized under the laws of France with its principal place of business in Fresnes, France. *Id.* ¶ 2. Defendant Duplo USA is a California-based distributor of various graphical arts printing and finishing products for its Japanese parent company. *Id.* ¶¶ 4-5.

MGI, EX2006
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IPR2023-00936

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MGI sued Duplo USA for patent infringement on May 12, 2023. *See generally id.* On October 28, 2023, the Court appointed David Keyzer to serve as a Special Master in this case (Dkt. 45). On November 8, 2022, Defendant filed an Answer denying infringement and asserting, among other defenses, invalidity of the asserted patents. *See generally* Answer (Dkt. 49).

In support of its defenses, Duplo USA served notices to depose four witnesses in France—two current MGI employees (Messrs. Benoit Baneat and Raphael Renaud) and two former MGI employees (Messrs. Régis Thienard and Pierre Allais). *See* Mot. at 1.

The Special Master held a discovery hearing on July 21, 2023 discussing, among other issues, “whether a French blocking statute is applicable[] and whether French labor laws limit the manner in which French employees can sit for depositions.” *See* Special Master Order No. SM-9 (“SM-9 Order”) (Dkt. 120) at 2. For the two current MGI employees (Messrs. Benoit Baneat and Raphael Renaud), the Special Master determined that as “employees or contractors for Plaintiff and, particularly in light of the reduction in business operations that is customary throughout France in late July and August, these witnesses should not be compelled to appear for deposition in the United States.” *Id.* at 3. The Special Master thus directed the parties to “proceed pursuant to the Hague Convention for these witnesses to sit for depositions in France.” *Id.*

On July 26, 2023, Defendant filed the instant motion (“Motion” or “Mot.”) (Dkt. 121). Defendant sought an order (1) appointing a Commissioner to take French evidence in this matter, (2) issuing an application to the Ministère de la Justice for authorization of duly appointed commissioner for the purpose of taking evidence pursuant to Chapter II, Article 17 of the Hague Convention of March 1970 (“French Application”) for current MGI employees, and (3) issuing a Letter of Request to the Ministère de la Justice for authorization of duly appointed commissioner for the purpose of taking evidence pursuant to Chapter I of the Hague Convention of March 1970 for former MGI employees. *See generally* Mot.

Plaintiff opposed the Motion on August 7, 2023 (“Opp’n”) (Dkt. 125). Defendant filed a reply on August 14, 2023 (“Reply”) (Dkt. 127).

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II. Legal Standard

Obtaining discovery from foreign entities in United States federal courts is governed by two sets of rules: the Federal Rules of Civil Procedure and the Hague Convention on the Taking of Evidence in Civil or Commercial Matters, Aug. 8, 1972, 23 U.S.T. 2555, 847 U.N.T.S. 231 (“Hague Evidence Convention”).

Rule 28(b)(1) governs the methods for taking depositions in foreign countries. *See* Fed. R. Civ. P. 28(b)(1). When a witness declines to appear voluntarily, the Federal Rules provide that depositions may take place “under an applicable treaty or convention” or “under a letter of request, whether or not captioned a ‘letter rogatory.’” Fed. R. Civ. P. 26(b)(1)(A)-(B). The procedures in Rule 28(b)(1)(C) and (D) apply when a witness appears voluntarily. *Id.* They permit a deposition in a foreign country to be taken “on notice, before a person authorized to administer oaths either by federal law or by the law in the place of examination” or “before a person commissioned by the court to administer any necessary oath and take testimony.” Fed. R. Civ. P. 28(b)(1)(C)-(D).

The Hague Evidence Convention “prescribes certain procedures by which a judicial authority in one contracting state may request evidence located in another contracting state.” *Société Nationale Industrielle Aerospatiale v. U.S. Dist. Court for the S. Dist. of Iowa*, 482 U.S. 522, 524 (1987). Under Chapter I of the Hague Evidence Convention, a requesting party may seek “Letters of Request” to be transmitted between the judicial authorities of contracting states to obtain evidence located in the foreign country. *See* Hague Convention arts. 1–14. Courts have noted that this procedure can be “unduly time consuming and expensive.” *Société Nationale*, 482 U.S. at 542. Chapter II of the Hague Convention allows for the appointment of a private attorney in a signatory country to serve as “commissioner” and oversee discovery there. *See* Hague Convention art. 17. Under this procedure, the Court would appoint a commissioner in France and seek formal authorization from the French Ministry of Justice for the appointment. *Id.*

The Supreme Court has held that the Hague Evidence Convention presents only optional, rather than mandatory, procedures for taking evidence abroad. *Société Nationale*, 482 U.S. at 536–40. The existence of these optional procedures “[does] not deprive [a] District Court of the jurisdiction it otherwise possesse[s] to order a foreign national party before it to produce evidence physically located within a signatory nation.” *Id.* This is true even where production by a foreign party might cause the party to violate a statute in its home country. *Id.*; *see also Richmark Corp. v. Timber Falling Consultants*, 959 F.2d 1468, 1471 (9th Cir. 1992). Additionally, a litigant is not required to attempt

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discovery first under the Hague Evidence Convention before pursuing it by other means. *See Société Nationale*, 482 U.S. at 541–42.

To determine whether to utilize Hague Procedures, federal courts must conduct a “particularized analysis” of the “particular facts, sovereign interests, and likelihood that resort to those procedures will prove effective.” *Soci  t   Nationale*, 482 U.S. at 543–44. The Ninth Circuit considers the factors contained in the Restatement (Third) of Foreign Relations Law § 442(1)(c):

the importance to the investigation or litigation of the documents or other information requested; the degree of specificity of the request; whether the information originated in the United States; the availability of alternative means of securing the information; and the extent to which noncompliance with the request would undermine important interests of the United States, or compliance with the request would undermine important interests of the state where the information is located.

Richmark, 959 F.2d at 1475 (citing *Soci  t   Nationale*, 482 U.S. at 2556 n.28). The Ninth Circuit also considers “the extent and the nature of the hardship that inconsistent enforcement would impose upon the” foreign national and “the extent to which enforcement by action of either state can reasonably be expected to achieve compliance with the rule prescribed by that state.” *Richmark*, 959 F.2d at 1475 (citing *United States v. Vetco Inc.*, 691 F.2d 1281, 1288 (9th Cir. 1981)).

III. Discussion

The parties mainly dispute the applicability of the so-called French “blocking statute,” which precludes disclosure of otherwise discoverable information and documentary evidence in foreign litigation. *See Soci  t   Nationale*, 482 U.S. at 542. Except for treaties like the Hague Evidence Convention, French law prohibits any person from requesting, seeking, or disclosing “economic, commercial, industrial, financial or technical documents or information” in connection with foreign judicial or administrative proceedings. *See* Law no. 80-538 of July 16, 1980. Violators of the blocking statute can face up to six months in jail or a fine of up to €90,000. *Id.*

To ensure compliance with French law, Defendant seeks to use Chapter I of the Hague Evidence Convention, i.e., the “Letter Request” procedure, for former MGI

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employees Régis Thienard and Pierre Allais and Chapter II, i.e., the appointment-of-commissioner procedure, for the two current MGI employees, Benoit Baneat and Raphael Renaud. Duplo USA has identified Mr. Alexander Blumrosen of Polaris Law, as its proposed commissioner, and has submitted a formal request form, which it will translate to French and submit to the appropriate office of the French Ministry if the Court approves. *See* Mot. at 3. Duplo will bear the total costs for the Letter Request procedure and seeks to split evenly the costs associated with the Chapter II procedure. *See* Proposed Order (Dkt. 121-3) ¶ 10.

But even where production by a foreign party might cause the party to violate a blocking statute in its home country, the Court must still weigh the factors set forth in *Richmark Corp. v. Timber Falling Consultants*, 959 F.2d 1468, 1471 (9th Cir. 1992). Here, in weighing the *Richmark* factors, the Court finds that the Federal Rules of Civil Procedure is the appropriate means for deposing the two current MGI employees. For the two former employees, the Court finds that the Letter Request procedure set forth in Chapter I of the Hague Evidence Convention is appropriate.

1. Importance of the information sought

Where the outcome of litigation “does not stand or fall on the present discovery order, or where the evidence sought is cumulative of existing evidence,” courts have generally been unwilling to override foreign laws. *Richmark*, 959 F.2d at 1475 (citation and internal quotation mark omitted). Where the evidence is directly relevant, however, the Ninth Circuit has found this factor to weigh in favor of disclosure. *Id.*

According to Defendant, “Mr. Allais is a named inventor on one of the asserted patents” and “MGI does not dispute Mr. Allais’s relevance to this case.” Reply at 5. As to Mr. Thienard, Defendant contends that he is a “former MGI employee who has written a book in which he claims he is an inventor of MGI’s technology” and his testimony is “highly relevant to at least Duplo USA’s defense of improper inventorship of the asserted patents.” *Id.* Specifically, Defendant argues that Mr. Thienard “has relevant knowledge about the circumstances surrounding the alleged invention of MGI’s patents by virtue of having been employed in the research and development division of MGI during the relevant timeframe.” *Id.* at 6. Plaintiff argues that Mr. Thienard, a former employee, “has no information relevant to any issue properly before this Court.” Opp’n at 5.

The Court finds that the testimony of both Mr. Thienard and Mr. Allais to be relevant. Accordingly, this factor weighs in favor of Defendant.

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2. *Specificity of the Request*

This consideration evaluates how burdensome it will be to respond to a discovery request. *Richmark*, 959 F.2d at 1475. Defendant notes the burdensome nature of the discovery request given that MGI agreed that Renaud and Baneat will appear voluntarily. *See* Opp’n at 6 (noting “MGI’s willingness to voluntarily produce these witnesses”). As to the time for the deposition, Plaintiff has proposed—and Defendant agrees—that 10.5 hours for each translated deposition is sufficient to depose these witnesses, even with the use of a translator. Opp’n at 8; Reply at 5 (“Duplo USA is agreeable to 10.5 hours for each of Messrs. Renaud and Beneat as well.”).

Because Plaintiff has not made this factor an issue for its current employees, this factor does not favor proceeding under the Hague Convention for the former employees.

3. *Location of Information and Parties.*

“The fact that . . . the people who will be deposed . . . are located in a foreign country weighs against disclosure, since those people and documents are subject to the law of that country in the ordinary course of business.” *Richmark*, 959 F.2d at 1475 (citation omitted). Here, Defendant seeks depositions of French citizens located in France. Accordingly, this factor weighs in favor of Plaintiff.

4. *Availability of alternative means of securing the information*

“If the information sought can easily be obtained elsewhere, there is little or no reason to require a party to violate foreign law.” *Richmark*, 959 F.2d at 1475. In the Ninth Circuit, “the alternative means must be substantially equivalent to the requested discovery.” *Id.* (citation and internal quotation marks omitted).

MGI asserts that it can make its two non-officer employees available for video depositions from France. Opp’n at 4. Duplo responds that although some parties “resort to taking voluntary and agreed upon depositions in France of French nationals without following the requirements of the Evidence Convention . . . such depositions without question violate French domestic law.” Reply at 3-4 (citing declaration by French law expert in another case). Defendant proposes, as an alternative, that MGI make Renaud and Baneat available for depositions in the United States, “which would make the Hague Convention process unnecessary.” Reply at 5.

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Here, the Court finds that remote depositions of Renaud and Beneat under the Federal Rules offer an adequate alternative under the circumstances. Fed. R. Civ. P. 30(b)(4); *Lopez v. CIT Bank, N.A.*, No. 15CV00759BLFHRL, 2015 WL 10374104, at *2 (N.D. Cal. Dec. 18, 2015) (noting that “leave to conduct [remote] depositions . . . should be liberally granted and that a desire to save money constitutes good cause to depose out-of-state witnesses through remote means”). Modern videoconference technology provides an effective, efficient, and less costly method of conducting the deposition, and Defendant fails to show that conducting the deposition by remote means would be prejudicial.

As to Allais and Thienard, Defendant asserts that their testimony is highly relevant because Mr. Allais is a named inventor on one of the asserted patents and Mr. Thienard is a former MGI employee who authored a book in which he claims he is an inventor of MGI’s technology. Mot. at 4. Plaintiff does not dispute the relevance of Mr. Allais’ testimony but maintains that Mr. Thienard’s testimony is irrelevant to the issues before the Court. See Opp’n at 8 & n. 4. In the reply, Defendant explains that Mr. Thienard’s “knowledge about the development of the claimed inventions” is “all the more important in this case because MGI has produced very limited documents on research and development leading to the claimed inventions.” Reply at 6.

MGI has not suggested any alternatives to the depositions of Mr. Allais and Thienard outside the Hague Evidence Convention nor does the Court find that alternative means are available to obtain the information Defendant seeks from those two former employees. Because the individuals have not agreed to appear voluntarily, the Court finds that obtaining their depositions through the procedures set forth in the Hague Evidence Convention is appropriate.

5. *Balance of national interests in noncompliance or compliance*

This factor requires the court to evaluate the interests of each nation in requiring or prohibiting disclosure, and to determine whether or not disclosure would affect important substantive policies or interests of either the United States or France. *Richmark*, 959 F.2d at 1476.

Defendant’s interpretation of the French blocking statute, if accepted, would result in the French litigant having an unfair advantage to his United States counterpart in United States courts. The French litigant would be permitted the full range of free discovery provided by the Federal Rules whereas the United States litigant would be limited to the cumbersome procedures and narrow range authorized by the Convention.

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As one court noted, it is “doubtful that the United States, in adopting the treaty, had any intention to place its nationals at such a disadvantage.” *Adidas (Canada) Ltd. v. SS Seatrain Bennington*, No. 80 CIV. 1911 (PNL), 1984 WL 423, at *3 (S.D.N.Y. May 30, 1984).

Accordingly, this factor does not weigh heavily in either direction given that both nations have strong interests here: protecting foreign nationals from intrusive discovery requests and fairness for United States litigants.

6. Extent and the nature of hardship on the foreign national

“The effect that a discovery order is likely to have on the foreign company is another factor to be considered.” *Richmark*, 959 F.2d at 1477. If MGI is likely to face criminal prosecution in France for complying with the United States court order, that fact constitutes a “weighty excuse” for nonproduction. *Societe Internationale Pour Participations Industrielles Et Commerciales, S.A. v. Rogers*, 357 U.S. at 211. “However, if the hardship is self-imposed, or if [MGI] could have avoided it, the fact that it finds itself in an undesirable position will not work against disclosure of the requested information.” *Richmark*, 959 F.2d at 1477 (citing *Vetco*, 691 F.2d at 1289–90 (hardship not a factor because it was “avoidable”)).

While penalties imposed by France’s “blocking statute” seem daunting, numerous courts have recognized that the statute was “never expected nor intended to be enforced against French subjects but was intended rather to provide them with tactical weapons and bargaining chips in foreign courts.” *Proofpoint, Inc. v. Vade Secure, Inc.*, No. 19-CV-04238-MMC-RMI, 2020 WL 1911195, at *6 (N.D. Cal. Apr. 20, 2020). Because the French blocking statute was aimed at “merely protecting [French] corporations from [the intrusiveness of] foreign discovery requests,” the statute is rarely enforced and thus, alone, does not justify resorting to the Hague Convention. *See e.g., Motorola Credit Corp. v. Uzan*, 73 F. Supp. 3d 397, 403 (S.D.N.Y. 2014) (“[W]hen a foreign court orders production of French documents even though the producing party has raised the ‘excuse’ of the [French Blocking Statute], the French authorities do not, in fact, prosecute or otherwise punish the producing party.”); *In re Glob. Power Equip. Grp. Inc.*, 418 B.R. 833, 849 (D. Del. 2009) (“[T]he chance of prosecution under the French Blocking Statute is minimal.”); *Bodner v. Banque Paribas*, 202 F.R.D. 370, 375 (E.D.N.Y. 2000) (“[T]he French Blocking Statute does not subject defendants to a realistic risk of prosecution.”); *Valois of America v. Risdon Corp.*, 183 F.R.D. 344 (D. Conn. 1997) (declining to apply French Blocking Statute); *Adidas*, 1984 WL 423, at *3-4 (S.D.N.Y. 1984) (declining to

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apply Hague Convention procedures due to the French Blocking Statute in light of interests it was intended to serve).

Here, the two current MGI employees have not raised the French blocking statute as an impediment to being deposed. As to MGI's former employees, Plaintiff argues that "Duplo's request to appoint a Commissioner to depose MGI's current employees is unnecessary and will do nothing but waste time that is not available at the very end of discovery." Opp'n at 4.

The Court agrees with Plaintiffs that the increased costs and added delays associated with proceeding under the Hague Convention and involving the French judiciary (and a French private attorney) in the discovery process would be unduly expensive and time consuming under the circumstances. Because MGI has agreed to make its current employees available for remote depositions, this factor weighs in favor of Plaintiff with respect to those two employees. As to the former employees, at least one of them has indicated his unwillingness to appear for a deposition voluntarily. The Court thus finds that obtaining a deposition through the Hague Convention is the appropriate procedure for MGI's former employees.

7. Likelihood of Compliance

"If a discovery order is likely to be unenforceable, and therefore to have no practical effect, that factor counsels against requiring compliance with the order." *Richmark*, 959 F.2d at 1478.

MGI's current employees have given no indication that they will refuse to comply, or that the discovery orders of this court would be unenforceable outside the Hague Convention procedures; accordingly, this factor weighs in Plaintiffs' favor with respect to MGI's current employees.

With respect to MGI's former employees, as explained above, Mr. Thienard "has already declined to voluntarily appear for a deposition." Opp'n at 5. Accordingly, it is unlikely that MGI's former employees, over whom MGI has no control, will comply with an order under the Federal Rules. Accordingly, proceeding with discovery as to the two former employees is appropriate under the circumstances.

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IV. Disposition

For the reasons set forth above, the Court finds that the Federal Rules of Civil Procedure is the appropriate means for obtaining video depositions of MGI's current employees. Defendant shall complete the depositions of Messrs. Benoit Baneat and Raphael Renaud within **fourteen (14) days of entry of this order**.

As to MGI's former employees, the Court finds that proceeding under Chapter I of the Hague Convention is appropriate. Defendant's proposed Letters of Request is an available international discovery procedure which meets the necessary requirements of the Hague Evidence Convention. The Court **GRANTS** Defendant's Motion for Issuance of Letters of Request. Defendant may seek production of documents from Messrs. Régis Thienard and Pierre Allais and obtain their testimony as described in the accompanying Letters of Request. The Court will issue the Letters of Request in a separate order. Plaintiff is **ORDERED** to translate said order and convey it to both the French authorities and Defendants' counsel **no later than August 31, 2023**.

In light of this order, the Motion Cut-Off date is **CONTINUED** from December 4, 2023 to **December 18, 2023**. The parties are **ORDERED** to meet and confer with the Special Master and submit proposed expert discovery dates and other internal deadlines.

The hearing date currently scheduled for August 28, 2023 is hereby **VACATED**. No court appearances shall be necessary that day.

The Clerk shall serve this minute order on the parties.

MINUTES FORM 11

Initials of Deputy Clerk: kdu

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