UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

BSN MEDICAL, INC.,

Plaintiff,

-against-

PARKER MEDICAL ASSOCIATES, LLC and A. BRUCE PARKER,

Defendants.

No. 10 Misc. 15

Memorandum Opinion & Order

JOHN F. KEENAN, United States District Judge Sitting in Part I:

I. Background

Plaintiff BSN Medical, Inc. ("BSN") designs, manufactures, and sells medical supplies. Defendant Bruce Parker is the general partner and President of Parker Medical Associates ("Parker Medical"). BSN alleges that in the 1980's, Bruce Parker developed a synthetic splinting product called Ortho-Glass; in 1996, he sold all of the Ortho-Glass business, including the patents and other intellectual property, to BSN. However, in 2006, Parker allegedly began manufacturing a splinting product called EZY Splint (or Parker Splint) using the Ortho-Glass trade secrets and technology he previously sold to BSN. Parker Medical's EZY Splint product directly competes with BSN's Ortho-Glass product. The underlying complaint, currently pending in the Western District of North Carolina, asserts claims for, inter alia, copyright infringement, misappropriation

of trade secrets, and Lanham Act false advertising/unfair competition.

Movant Mesco Medical LLC ("Mesco") is a medical device and equipment wholesaler located in Randolph, New Jersey. Mesco purchases EZY Splint products from Parker Medical and resells them to end customers including hospitals and orthopedic doctor's offices. Mesco, which sells the EZY Splint product, and BSN, which sells Ortho-Glass, are alleged to be competitors in the Northern and Central New Jersey medical supply market. On November 22, 2010, BSN attempted to serve a subpoena issued from the District of New Jersey on Mesco seeking documents regarding the identity of customers who purchased EZY Splint and/or Parker Splint products from Mesco. Mesco objected to the New Jersey subpoena on procedural grounds. On December 3, 2010 BSN issued another subpoena out of the Southern District of New York seeking:

> 1. Any and all documents (including those created and/or stored electronically) that comprise, refer, or relate to any communication between Mesco and Parker Medical Associates, LLC or any representative of Parker Medical Associates, LLC from January 1, 2006 to the present.
>
> 2. Any and all documents (including those created and/or stored electronically) that comprise, refer, or relate to any communication between Mesco and Bruce Parker from January 1, 2006 to the present.
>
> 3. Any and all documents (including those created and/or stored electronically) that comprise, refer, or relate to any communication between Mesco and Parker, Poe, Adams, and Bernstein, LLP from January 1, 2009 to the present.

> 4. Any and all documents (including those created and/or stored electronically) that comprise, refer, or relate to any communication between any attorney acting on Mesco's behalf and Parker, Poe, Adams, and Bernstein, LLP from January 1, 2009 to the present.
>
> 5. Except for those documents created or received by Mesco in its capacity as a distributor for BSN Medical, Inc., produce all documents (including those created and/or stored electronically) that comprise, refer, or relate to any communication that references, refers, or relates to BSN Medical, Inc., Ortho-Glass, or any variant thereof.
>
> 6. Documents sufficient to show Mesco's monthly sales, by customer, of any product manufactured by Parker Medical Associates, LLC, including products sold under brand names EZY Splint and/or Parker Splint, from January 1, 2007 to the present.

See Subpoena Dated Dec. 3, 2010, Duffy Cert., Ex. D. On December 17, 2010, Mesco moved in Part I to quash the subpoena issued by BSN. The parties appeared before this Court on January 18, 2011.

II. Analysis

Generally, parties may seek discovery of "any nonprivileged matter that is relevant to any party's claim or defense." Fed. R. Civ. P. 26(b)(1). Although the Rules provide for broad discovery, "[t]o protect a person subject to or affected by a subpoena, the issuing court may, on motion, quash or modify the subpoena if it requires disclosing a trade secret or other confidential research, development, or commercial information." Fed. R. Civ. P. 45(c)(3)(B)(i). Rule 45 should be read in conjunction with the limitations of discovery found in Rules 26

and 34 of the Federal Rules of Civil Procedure. See Atwell v. City of New York, No. 07 Civ. 2365, 2008 WL 5336690, at *1 (S.D.N.Y. Dec. 15, 2008). Thus, in determining the bounds of discovery, the court must balance the burden of production against the need for the requested documents. Fed. R. Civ. P. 26(b)(2)(C)(iii); see Fears v. Wilhelmina Model Agency, Inc., No. 02 Civ. 4911, 2004 WL 719185, at *1 (S.D.N.Y. Apr. 1, 2004) ("[W]here, as here, discovery is sought from a non party, the Court should be particularly sensitive to weighing the probative value of the information sought against the burden of production on the non party."). To achieve this balance, the court may specify conditions for discovery, including "limiting the scope of disclosure or discovery to certain matters" and "requiring that a trade secret or other confidential research, development, or commercial information not be revealed or be revealed only in a specified way." Fed. R. Civ. P. 26(c)(1)(D), (G).

A. Request # 6

Mesco contends that in order to respond to Request # 6, it would have to disclose its proprietary customer lists to a direct competitor. In determining whether information constitutes a trade secret, New York and North Carolina courts consider the following Restatement factors:

> (1) the extent to which the information is known outside of the business; (2) the extent to which it is known by employees and others involved in the

> business; (3) the extent of measures taken by the business to guard the secrecy of the information; (4) the value of the information to the business and its competitors; (5) the amount of effort or money expended by the business in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

N. Atl. Instruments, Inc. v. Haber, 188 F.3d 38, 44 (2d Cir. 1999) (quoting Restatement of Torts § 757 cmt. b); Combs & Assocs., Inc. v. Kennedy, 555 S.E.2d 634, 640 (N.C. Ct. App. 2001).

There does not appear to be a strong dispute that the customer lists are trade secrets. Mesco submitted the uncontested certification of its president, Mark Stephens, who states that:

> Mesco's customer lists and sales data are not information known outside of Mesco's business and constitute highly confidential information that is not made generally available. Indeed, total sales information is not made available to most of Mesco's own employees. It would involve a great deal of time and expense for another company to duplicate this information on its own. This information is highly confidential and represents a great asset which, if obtained by BSN, a direct competitor of Mesco, would have disastrous consequences to Mesco's business.

Stephens Cert. at ¶¶ 9-11. Other courts have recognized customer lists as trade secrets. See, e.g., N. Atl. Instruments, 188 F.3d at 46; Webcraft Techs., Inc. v. McCaw, 674 F. Supp. 1039, 1046 (S.D.N.Y. 1987) (protecting as a trade

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