IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

SABATINO BIANCO, M.D.,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Case No. 2:12-CV-00147-WCB
	§	
GLOBUS MEDICAL, INC.,	§	
	§	
Defendant.	§	

MEMORANDUM OPINION AND ORDER

The plaintiff in this case, Sabatino Bianco, M.D., has moved to have the defendant, Globus Medical, Inc., held in civil contempt for failing to comply with a portion of the Court's judgment. This order is entered in connection with an upcoming hearing in the civil contempt proceeding. Before the Court is Dr. Bianco's motion in limine seeking to exclude evidence disputing the existence of Dr. Bianco's trade secret and its misappropriation. Dkt. No. 384. The Court GRANTS the motion in part and DENIES the motion in part.

Dr. Bianco's motion is directed to a report prepared by Dr. John Peloza, an expert for Globus, and the testimony that Dr. Bianco expects Dr. Peloza will offer at the contempt hearing. Dr. Bianco complains that a significant portion of Dr. Peloza's report (and thus his expected testimony) addresses issues that were previously resolved in this litigation and are not properly before the Court in the present proceeding.

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BACKGROUND

Dr. Bianco, a spinal surgeon, filed suit against Globus in 2012. In his complaint, Dr. Bianco raised a number of claims stemming from his dealings with Globus in connection with Dr. Bianco's idea regarding a device that could be used in spinal surgery. The idea was directed to a continuously and reversibly expandable spacer, or implant, that could be placed between adjacent vertebrae in a patient's spine after diseased disc material had been removed from the inter-vertebral space. The height of the device, according to Dr. Bianco's idea, could be manipulated so that it could be lowered during insertion and then raised to the desired height after placement, thereby maintaining the proper distance between the two adjacent vertebrae. Dr. Bianco's idea included various other features of the inter-vertebral spacer as well.

Following a five-day trial, the jury returned a verdict in Dr. Bianco's favor on his claim of trade secret misappropriation. The jury entered a verdict for $4,295,760 in damages, and the Court entered judgment on that verdict. In addition, the Court entered an order respecting ongoing royalties, since the jury's verdict assessed liability only up to the date of trial. The Court's judgment imposed an ongoing royalty of 5% of the net sales of the three products that were at issue—Globus's Caliber, Caliber-L, and Rise devices. The judgment required Globus to make royalty payments on those products for a period of 15 years from June 30, 2007. In addition, the judgment provided that the 5% ongoing royalty obligation would apply to "products that are not colorably different from those products." Dkt. No. 315, at 2.

The Court subsequently denied Globus's motion for judgment as a matter of law. Dkt. No. 338. On Globus's appeal, the Federal Circuit affirmed the judgment without opinion. 610

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F. App'x 1032 (2015). Globus petitioned for a writ of certiorari, and the Supreme Court denied the petition. 136 S. Ct. 2489 (2016).

The parties arranged to make the requisite royalty payments on a quarterly basis beginning as of October 1, 2014. In 2016, however, a dispute arose as to whether Globus was liable for royalty payments on the sales of two of its other products, the Rise-L spacer and the Altera spacer. When counsel for Dr. Bianco protested to Globus regarding the failure of payment for those products, Globus filed suit in the United States District Court for the Eastern District of Pennsylvania, seeking a declaratory judgment that it was not liable for those payments under this Court's judgment. Dr. Bianco then filed a motion with this Court seeking an order to show cause why Globus should not be held in civil contempt for failing to abide by the terms of this Court's judgment. Meanwhile, the Pennsylvania court requested briefing from the parties as to why it should not transfer the declaratory judgment suit to the Eastern District of Texas. Following briefing of the transfer issue, the Pennsylvania court stayed the declaratory judgment action pending resolution of the contempt proceeding before this Court. An evidentiary hearing in the contempt proceeding is now scheduled for September 11, 2017.

The parties have recently informed the Court that they have resolved their dispute regarding the Rise-L device. Thus, only the royalties relating to the Altera device remain in dispute.

DISCUSSION

In his motion in limine, Dr. Bianco seeks to exclude any evidence, including testimony from Dr. Peloza, that is related to the existence or misappropriation of Dr. Bianco's trade secret. Those issues, Dr. Bianco argues, have already been conclusively decided, and the contempt

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proceeding is not an appropriate forum in which to seek to relitigate those issues. In response, Globus contends that it is not seeking to relitigate issues settled by the judgment in this case, but that it intends to offer evidence, including testimony from Dr. Peloza, that is relevant to the issue of contempt. In particular, Globus argues that the evidence in question, including "state of the art" evidence, is admissible for three reasons: (1) it will provide context to identify "colorable differences" in technology; (2) it will bear on the question whether Dr. Bianco's trade secret remained protected and protectable at the time of a subsequent use; and (3) it is relevant to equitable issues such as mitigating circumstances, Globus's good faith, and the appropriate remedy if contempt is found. Dkt. No. 395, at 1.

Because the contempt proceeding will be held before the Court and without a jury, the Court will be liberal in allowing the parties to introduce evidence, subject to the Court's later determining whether that evidence is relevant and helpful in resolving the issue before the Court, which is whether the Altera device is or is not more than colorably different from the Caliber, Caliber-L, and Rise devices that were adjudicated during the trial.[1] With that said, and for the

[1] Dr. Bianco has noted the Court's use, in the judgment, of the phrase "products that are not colorably different from" the adjudicated products, and has suggested that the Court intended to use the phrase "products that are 'not *more than* colorably different.'" Dkt. No. 357, at 1 n.1. The Court recognizes that different courts have used the term "colorable" in different ways in making the same point—that a prohibition applicable to a particular object extends to objects that are not meaningfully different from that object. A number of courts have used the same verbal formulation used in the judgment in this case—"not colorably different." See Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc., 843 F.3d 1315, 1325 (Fed. Cir. 2016) (quoting a district court order); Nichia Corp. v. Everlight Elecs. Co., No. 2;13-cv-702, 2016 WL 3110142, at *2 (E.D. Tex. Jan. 25, 2016); VirnetX Inc. v. Apple Inc., No. 6:13-cv-211, 2014 WL 12672822, at *5 (E.D. Tex. Mar. 6, 2014); Fractus, S.A. v. Samsung Elecs. Co., No. 6:09-cv-203, 2013 WL 1136964, at *2 (E.D. Tex. Mar. 15, 2013); Mondis Tech. Ltd. v. Chimei Innolux Corp., No. 2:11-cv-378, 2012 WL 1554645, at *2 (E.D. Tex. Apr. 30, 2012); Synqor, Inc. v. Artesyn Techs., Inc., No. 2:07-cv-497, 2011 WL 3624957, at *16 (E.D. Tex. Aug. 17, 2011); Soverain Software LLC v. Newegg Inc., 836 F. Supp. 2d 462, 484 (E.D. Tex. 2010); see also Eli

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guidance of the parties, however, the Court will make the following observations regarding the proper uses for which the evidence at the contempt hearing may be offered.

1. Context

Globus first argues that Dr. Peloza's evidence regarding the state of the art will be useful in providing the context for deciding whether the Altera device is merely a colorable imitation of the Caliber, Caliber-L, and Rise products. Dkt. No. 395, at 7-8. The Court will allow evidence that is relevant for that purpose, with the caveat discussed below.

It may be that evidence regarding devices available from Globus and other manufacturers, as well as technology available to the industry but not incorporated into any commercial devices, will be helpful to the Court in determining whether the Altera device is not more than colorably different from the Caliber, Caliber-L, and Rise products. When determining whether two products are similar, it is frequently useful to consider other art in the field to assist

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Lilly & Co. v. Perrigo Co., 202 F. Supp. 3d 918, 1029 (S.D. Ind. Aug. 22, 2016); Arcelor Mittal USA LLC v. AK Steel Corp., No. 13-685, 2016 WL 1588492, at *4 (D. Del. Apr. 19, 2016); Jerry Harvey Audio Holding, LLC v. 1964 Ears, LLC, No. 6:14-cv-2083, 2016 WL 7177548 (M.D. Fla. Mar. 28, 2016); Arnold v. Scales, No. 3:15-cv-45, 2016 WL 6155173, at *1 (M.D. Ga. Feb. 5, 2016); M-I LLC v. FPUSA, LLC, No. 15-cv-406, 2015 WL 6738823, at *17 n.8 (W.D. Tex. Nov. 4, 2015); Asetek Danmark A/S v. CMI USA, No. 13-cv-457, 2015 WL 5568360, at *20 (N.D. Cal. Sept. 22, 2015); CTE Global, Inc. v. Novozymes A/S, No. 15-C 181, 2015 WL 2330223, at *3 (N.D. Ill. May 14, 2015); Server Tech., Inc. v. Am. Power Conversion Corp., No. 3:06-cv-698, 2015 WL 1308617, at *5 (D. Nev. Mar. 31, 2014). Other courts, including the Federal Circuit in the patent context, have used the terms "colorable imitation," "not more than colorably different," and "no more than a colorable difference" to capture the same concept. See, e.g., Pac. Coast Marine Windshields, Ltd. v. Malibu Boats, LLC, 739 F.3d 694, 700 (Fed. Cir. 2014); TiVo Inc. v. Echostar Corp., 646 F.3d 869, 881-82 (Fed. Cir. 2011) (en banc); Abbott Labs. v. TorPharm, Inc., 503 F.3d 1372, 1381 (Fed. Cir. 2007). Justice Story, an authority always worth paying attention to, used the term in the latter fashion, writing in the patent context: "Mere colorable alterations of a machine are not sufficient to protect the defendant." Odiorne v. Winkley, 18 F. Cas. 581, 582 (1814). In this order, the Court will follow Justice Story's lead regarding the verbal formulation of the principle. The Court notes, however, that the language in the judgment was designed to convey the same concept and have the same effect as the "no more than colorable" or "not merely colorable" formulations.

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