

In re: POSCO, Appeal No. 2015-112 (Fed. Cir. July 22, 2015). Before Newman, Dyk, Hughes. Appealed from D. N.J. (Judge Chester).

Background:

Nippon Steel sued POSCO in two proceedings: for patent infringement in the *United States* and for trade secret infringement in *Japan*.

During the U.S. litigation, the district court entered a protective order limiting the use of POSCO's confidential materials "solely for the prosecution or defense of that action" in the U.S. However, when POSCO disclosed such confidential materials in the U.S. litigation, Nippon Steel then asked the district court for a modification of the protective order that would allow Nippon Steel to use POSCO's confidential materials in the litigation in Japan.

The district court granted the requested modification of the protective order based on a standard presented under *Pansy v. Borough of Stroudsburg*, 23 F.3d 772 (3d Cir. 1994). POSCO then petitioned for a writ of mandamus to not allow the use of the confidential documents in the litigation in Japan.

Issue/Holding:

Did the district court err in granting modification of the protective order? Yes. Vacated and remanded.

Discussion:

In this case of first impression, the Federal Circuit first stated that the district court's reliance on the *Pansy* standard was incorrect because the *Pansy* standard related to modification of a protective order to disclose discovered documents for another *U.S.* dispute -- "not the provision of documents to foreign courts." Thus, the Federal Circuit asserted that the *Pansy* standard did not control.

Instead, the Federal Circuit stated that the district court should have primarily focused on 28 U.S.C. § 1782 and the Supreme Court's four factor test in *Intel Corp. v Advanced Micro Devices, Inc.*, 542 U.S. 241 (2014).

28 U.S.C. § 1782 provides that a U.S. district court "may order" disclosures for use in a foreign tribunal. Also, in *Intel*, the Supreme Court recognized that a district court should consider "comity and parity concerns" when deciding whether to grant disclosure. In this regard, there is a recognized concern that parties will "abuse" the U.S. discovery process and "attempt to circumvent foreign proof-gathering restrictions."

Although the Federal Circuit acknowledged that 28 U.S.C. § 1782 and *Intel* may not directly govern requests to modify a protective order to make materials available in a foreign proceeding, it noted that at least three district courts have acknowledged that 28 U.S.C. § 1782 and the *Intel* factors were relevant to this issue. Thus, the Federal Circuit vacated the district court's order and remanded this case back to the district court to "conduct the proper assessment giving due consideration to the *Intel* factors."