

GLAXO, INC., GLAXO GROUP LIMITED, and ALLEN AND HANBURY LIMITED, Plaintiffs -against- BOEHRINGER INGELHEIM CORPORATION, and BOEHRINGER INGELHEIM CHEMICALS, INC., Defendants.

No. 3: 95-CV-01342(GLG)

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT

1996 U.S. Dist. LEXIS 17828; 40 U.S.P.Q.2D (BNA) 1848

October 7, 1996, Decided

October 8, 1996, FILED

DISPOSITION: [*1] Defendants' objection to Plaintiffs' Second Request for Production of Documents on timeliness grounds overruled, and, Plaintiffs' Second Motion to Compel production of documents in the possession of Defendants' affiliated corporations DENIED in part.

COUNSEL: For GLAXO, INC, plaintiff: John C. Yavis, Jr., Michael J. Donnelly, Murtha, Cullina, Richter & Pinney, Hartford, CT. Stephen B. Judlowe, Ira B. Winkler, Brad S. Needleman, James M. Bollinger, Dennis J. Mondolino, Jeffrey A. Hovden, Lynne A. Borchers, Hopgood Calimafde Kalil Et Al, New York, NY USA. For GLAXO,, INC, ALLEN & HANSBURY LTD, plaintiffs: John C. Yavis, Jr., Michael J. Donnelly, Murtha, Cullina, Richter & Pinney, Hartford, CT. Stephen B. Judlowe, Ira B. Winkler, Dennis J. Mondolino, Jeffrey A. Hovden, Lynne A. Borchers, Hopgood Calimafde Kalil Et Al, New York, NY.

For BOEHRINGER INGELHEIM CORP., defendant: Edward F. Hennessey, Robinson & Cole, Hartford, CT USA. Joseph L. Clasen, Robinson & Cole, Stamford, CT USA. Thomas A. Beck, Carol E. Rozek, Martin B. Pavane,

Myron Cohen, Christa Hildebrand, Michael C. Stuart, Cohen, Pontani, Lieberman & Pavane, New York, NY. For BOEHRINGER INGELHEIM CHEMICALS, INC., defendant: Edward F. Hennessey, Robinson & Cole, Hartford, CT USA. Joseph L. Clasen, Robinson & Cole, Stamford, CT USA. Thomas A. Beck, Carol E. Rozek, Martin B. Pavane, Myron Cohen, Christa Hildebrand, Cohen, Pontani, Lieberman & Pavane, New York, NY.

For GLAXO, INC, ALLEN & HANSBURY LTD, counter-defendants: John C. Yavis, Jr., Michael J. Donnelly, Murtha, Cullina, Richter & Pinney, Hartford, CT USA.

JUDGES: GERARD L. GOETTEL, U.S.D.J.

OPINION BY: GERARD L. GOETTEL

OPINION

Memorandum Decision

Plaintiffs have filed a motion to compel (Doc. # 94) Defendants to respond to Plaintiffs' Second Request for Production of Documents, served on May 23, 1996, and to compel production of other documents which they contend were improperly withheld on the claim of attorney/client and/or work-product privilege.

The latter portion of this motion was subsequently withdrawn by Plaintiffs, and, therefore, this portion is DENIED as moot. For the reasons set forth below, Defendants' objection to responding to Plaintiffs' Second Request for Production on timeliness grounds is overruled. The remaining portion of Plaintiffs' motion seeking to compel Defendants to produce documents in the possession of affiliated corporations is DENIED.

DISCUSSION

Defendants have objected to responding to the Second Request for Production on two grounds: (1) that it was untimely [*2] in that their response was not due until after the discovery cut-off of June 15, 1996; and (2) that it calls for the production of documents in the possession of non-parties located outside the United States, albeit entities related to the Defendants. They state:

Glaxo's Second Request for Production of Documents is untimely, as it calls for responses after the June 15 discovery cut-off date. Had the discovery request been directed solely to the defendants in this action, we might have considered responding. Indeed, we expect that we have already produced all responsive documents from the defendants' files. However, it appears clear that the purpose of these discovery requests is to elicit discovery from Pharma-Investment Limited and Boehringer's "Spanish affiliate".¹ Both [of] (sic) these entities are outside of the United States and we have no intention, at this late date, of searching their files for responsive documents. Indeed, even if the request had been timely it is likely that these entities would not be subject to discovery

to the same extent as parties to this action.

1 "Boehringer's Spanish affiliate", Boehringer Ingelheim Espana, S.A., (also referred to by the parties as "BI Spain") is located in Malgrat, Spain. Pharma-Investment Limited is located in Toronto, Canada, and is represented by Defendants to be a part owner of Defendant Boehringer Ingelheim Corporation. Defendants state that Pharma-Investment Limited is also the owner of Boehringer Ingelheim Espana, S.A., and thus Boehringer Ingelheim Espana, S.A. may be regarded as a "sister company" of Defendant Boehringer Ingelheim Corporation. The other Defendant Boehringer Ingelheim Chemicals, Inc., is wholly owned by Defendant Boehringer Ingelheim Corporation, a relationship that is not important for purposes of this motion.

[*3] Plaintiffs respond that these documents should have been produced in response to their First Request for Production of Documents, as well as in response to the document request appended to their *Rule 30(b)(6)* deposition notice served April 10, 1996. Further, they argue that the more specific requests included in the Second Request for Production reflect requests for documents based upon information only recently acquired through the corporate representative depositions. Lastly, they assert that, although some of the documents may be in the "possession" of related corporations, rather than the Defendants themselves, Defendants have "control" over these documents because they have the ability to obtain the documents in the normal course of business by virtue of the interlocking structure of the corporations, citing *Camden Iron and Metal, Inc. v. Marubeni America Corp.*, 138 F.R.D. 438 (D.N.J. 1991), and *Cooper Indus. Inc. v. British Aerospace, Inc.*, 102 F.R.D. 918 (S.D.N.Y. 1984).

The Second Request for Production of Documents contains a single Request No. 53, with multiple subparts, which requests Defendants to produce

all documents in the possession, custody or control [*4] of Boehringer Ingelheim Corp. and Boehringer Ingelheim Chemicals, Inc. including documents located at Boehringer's parent company Pharma-Investment Limited and Boehringer's Spanish affiliate company located in Malgrat, Spain which refer or relate to the following: . . .

Plaintiffs assert that the specific document requests are relevant to Defendants' section 271(e)(1) defense ² in that they relate to the involvement of Boehringer Ingelheim Corporation with its Spanish affiliate's supplying commercial quantities of ranitidine hydrochloride to Hexal for sale in the European market. They assert:

Although the actions of BI Spain in supplying Hexal AG with ranitidine Hydrochloride do not, by themselves, implicate United States Patent Law, the manner in which BI Spain was able to quickly gear up to commercial scale production of ranitidine hydrochloride has direct bearing on Boehringer's defense under Section 271(e)(1).

2 Section 271(e)(1) of Title 35 provides in relevant part that

it shall not be an act of infringement to make, use, or sell a patented invention . . . solely for uses reasonably related to the development and submission of informa-

tion under a Federal law which regulated the manufacture, use, or sale of drugs

In this case, Defendants are claiming that they manufactured ranitidine hydrochloride only for the purpose of their ANDA submission to the FDA.

[*5] Defendants do not dispute the relevancy of the requested documents, although they do contest Glaxo's interpretation of section 271(e)(1), maintaining that the furnishing of technical information, as opposed to actual infringing material, is not an act of infringement and hence does not destroy an affirmative defense asserted under section 271(e)(1). That issue is not before us at this time. Therefore, we address only the issues of timeliness and whether the documents in the possession of related foreign corporations are in the "control" of Defendants.

A. Timeliness

To the extent that Plaintiffs' discovery request is directed to the actual parties in this litigation, the Court overrules Defendants' objection to this request on the ground that it was untimely. It appears that many of the documents requested were covered by the somewhat broader requests accompanying Plaintiffs' *Rule 30(b)(6)* deposition notice. Indeed, Defendants assert that they have produced all documents in their files responsive to this request. Further, Defendants could have responded within the discovery deadline, and any extension thereof is a matter within the sound discretion of the Court. Therefore, to [*6] the extent that Defendants have not already done so, they are ordered to produce all documents not otherwise objected to ³ and which have not already been produced, that are responsive to Request No. 53.

3 Defendants have objected to Request No. 53 on the general grounds discussed in this Order. *See* Defense Counsel's Letter of May 29, 1996, paragraph 1. By overruling Defendants' objection as to the timeliness of Plaintiffs' request, we are not foreclosing the possibility that Defendants may have other objections to producing certain documents on grounds such as attorney-client privilege, although we note that Defendants claim to have already produced all responsive, non-privileged documents.

B. Documents in the possession of parent and sister corporations

As to Plaintiffs' *Rule 34* request directed to documents admittedly in the possession of a non-party, Plaintiffs have the burden of establishing that the documents are in the "control" of a party. *Rule 34(a), Fed. R. Civ. P.*, provides that a party [*7] may serve a request for the production of documents that are "in the possession, custody or control of the party upon whom the request is served." The term "control" has been broadly construed by the federal courts, in keeping with the liberal standards of discovery in the Federal Rules of Civil Procedure. *See, e.g., M.L.C., Incorporated v. North American Philips Corp.*, 109 F.R.D. 134 (S.D.N.Y. 1986). A party may not object to a request to produce on the ground that it does not possess the documents if the documents remain in its "control" such that the party has the right, authority, or ability to obtain the documents upon demand. *Scott v. Arex*, 124 F.R.D. 39 (D. Conn. 1989).

In this case, Plaintiffs have failed to meet their burden of establishing Defendants' control over these documents. The mere fact that the documents are in the possession of a parent or sister corporation does not automatically establish "control." In determining whether a party has control over documents in the possession of a related corporation, the courts have applied

two different tests - one for documents in the possession of a "sister" corporation; and one for documents in the possession of a [*8] parent corporation - for purposes of deciding whether to order production under *Rule 34*.

1. Documents in the possession of Defendants' sister corporation

We begin by considering this issue with respect to the documents in the possession of Defendants' sister Spanish corporation. Plaintiffs simply assert: "there can be no question that Boehringer can obtain documents from its Spanish sister corporation." That proposition is not as obvious to the Court as Plaintiffs assume.

In the case of *Gerling Int'l Insur. Co. v. IRS*, 839 F.2d 131, 140-41 (3d Cir. 1988), cited by both sides, the court noted that where the relationship between the two affiliated corporations is that of sister corporations, the requisite control has been found generally only on alter ego grounds. *See also Societe Internationale Pour Participations Industrielles et Commerciales, S. A. v. Rogers*, 357 U.S. 197, 204, 2 L. Ed. 2d 1255, 78 S. Ct. 1087 (1958); *Camden Iron and Metal, Inc. v. Marubeni America Corp.*, 138 F.R.D. 438, 442 (D.N.J. 1991); *Perini America, Inc. v. Paper Converting Mach. Co.*, 559 F. Supp. 552, 553 (D. Wisc. 1983); *Alimenta (U.S.A.), Inc. v. Anheuser-Busch Corp.*, 99 F.R.D. [*9] 309, 313 (N.D. Ga. 1983). Here, there has not even been an allegation that Defendant Boehringer Ingelheim Corporation and its "Spanish affiliate" are alter egos.⁴ Moreover, Defendants deny that they are, in fact, alter egos, and further assert that they are "independently run companies that act without consulting or informing the other."

4 In their Reply, Plaintiffs allege that Defendants are engaged in an "international joint venture" with Hexal AG and "Spanish affiliates." However, even assuming this were true, the existence of a joint venture would not establish that De-

defendants and their Spanish sister corporation were alter egos.

Therefore, absent further proof of the relationship between Defendant Boehringer Ingelheim Corporation and its Spanish affiliate, we cannot hold that the documents in the possession of Boehringer Ingelheim Espana, S.A., are in the “control” of a party, such that they are subject to discovery under *Rule 34*.

2. Documents in the possession of Defendants’ parent corporation

[*10] Where the relationship between two corporations is that of parent and subsidiary, and documents of the parent are sought from the subsidiary, “control” has been found in a broader range of circumstances, including where one acts as the alter ego of the other so as to warrant “piercing the corporate veil;” where one acted as the agent of the other with respect to the transaction that is the subject of the lawsuit; where there is access to the documents in the ordinary course of business; and where the subsidiary corporation was the marketer and servicer of the parent’s product that is the subject of the lawsuit. *See Camden Iron and Metal, Inc. v. Marubeni America Corp.*, 138 F.R.D. at 441-42; *Gerling Int’l Insur. Co. v. IRS*, 839 F.2d at 140-41; *Cooper Indus., Inc. v. British Aerospace, Inc.* 102 F.R.D. 918, 919 (S.D.N.Y. 1984); *Afros S.P.A. v. Krauss-Maffei Corp.*, 113 F.R.D. 127 (D. Del. 1986); 8A Wright, Miller & Marcus, *Federal Practice and Procedure* § 2210 (2d ed. 1994).

Plaintiffs have alleged in conclusory fashion, without supporting documentation, only that “the requisite control over the requested documents plainly exists.” Nothing more is alleged to establish [*11] that Defendant Boehringer Ingelheim Corporation, as the subsidiary corporation, has the requisite control over documents in the possession of the parent corporation Pharma-Investment Limited, to require

their production, and, moreover, Defendants categorically deny that such control exists.

Accordingly, based on the information presently before the Court, we find that Plaintiffs have failed to meet their burden of establishing the requisite “control” for this Court to require production of documents in the possession of a non-party parent corporation.

However, with respect to documents in the possession of either Boehringer Ingelheim Espana, S.A., or Pharma-Investment Limited, if any of the documents are also in the possession of Defendants or counsel for Defendants in this litigation, they must be produced for Plaintiffs, since these documents would be considered to be within the “control” of the Defendants under such circumstances. 8A Wright, Miller & Marcus, *Federal Practice and Procedure* § 2210 (2d ed. 1994).

Accordingly, Plaintiffs’ motion to compel is DENIED insofar as it relates to documents in the possession of non-parties Boehringer Ingelheim Espana, S.A. and Pharma-Investment [*12] Limited, unless such documents are in the possession of Defendants or counsel for Defendants in this litigation absent a further showing by Plaintiffs of “control” by Defendants over the requested documents.

Therefore, Defendants’ objection to Plaintiffs’ Second Request for Production of Documents on timeliness grounds is overruled, and, subject to the possible exception noted above, Plaintiffs’ Second Motion to Compel production of documents in the possession of Defendants’ affiliated corporations is DENIED.

SO ORDERED.

Dated: October 7, 1996.

Waterbury, Connecticut.

GERARD L. GOETTEL

U.S.D.J.