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BEAUTY OR THE BEAST?
TEN RULES FOR 30(B)(6) CORPORATE DEPOSITIONS IN PATENT CASES

Powerful weapon or expensive threat? Rule 30(b)(6) corporate depositions can be either welcomed or feared, depending on the which side of the table you are sitting. Depositions taken under Fed. R. Civ. P. 30(b)(6) (the Rule or Rule 30(b)(6)) become a critical part of virtually every patent infringement case. Given the inherent opportunities and risks, a working knowledge of Rule 30(b)(6) ought to be a part of your IP IQ. Here are 10 key things you need to know about the Rule:

1. The Rule "Humanizes" the Company

Fed. R. Civ. P. 30(b)(6), added to the Federal Rules of Civil Procedures in 1970, with the wording modified slightly in 2007, essentially puts a human face on a corporation, compelling designees to act as the "voice" for the organization and "binding" the company through their testimony:

> In its notice or subpoena, a party may name as the deponent a public or private corporation, a partnership, an association, a governmental agency, or other entity and must describe with reasonable particularity the matters for examination. The named organization must then designate one or more officers, directors, or managing agents, or designate other persons who consent to testify on its behalf; and it may set out the matters on which each person designated will testify. A subpoena must advise a nonparty organization of its duty to make this designation. The persons designated must testify about information known or reasonably available to the organization. The paragraph (6) does not preclude taking a deposition by any other procedure allowed by these rules.

2. Regional Circuit Law Applies to Rule 30(b)(6) Issues

The law of the regional circuit applies to Rule 30(b)(6). It is well established that, when the issue involves an interpretation of the Federal Rules of Civil Procedure not unique to patent law, the Federal Circuit applies the law of the pertinent regional circuit.[1] When the issue implicates substantive patent law, the Federal Circuit looks to its own law.[2]

1 *In re: Regents of the Univ. of Cal.*, 101 F.3d 1386, 1390 n.2 (Fed. Cir. 1996).

2 *Micro Motion, Inc. v. Kane Steel Co., Inc.*, 894 F.2d 1318, 1326, n.8 (Fed. Cir. 1990) (*citing Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc.*, 813 F.2d 1207, 1211-12 (Fed. Cir. 1987).

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3. The Party Noticing Has One Obligation

Rule 30(b)(6) places one duty on the party seeking to take a deposition of a corporation—to, "describe with reasonable particularity the matters for examination." To meet its obligation, the requesting party must reasonably particularize the subjects of the intended inquiry so the responding party can select the most suitable deponent.[3]

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A reasonably particular description must (1) inform the corporation to be deposed of the topics on which the deposition will be conducted, so (2) the corporation can designate the right person(s) to provide answers to questions falling within the topics' scope.[4]

When faced with an improper topic, a corporate deponent can move for protection under Fed. R. Civ. P. 26(c)(1) or object to the notice under Fed. R. Civ. P. 32(d)(1).

4. The Corporate Deponent Has Three Significant Obligations

In contrast to the inquiring party's single burden, a responding corporation must (1) designate one or more witnesses; (2) thoroughly prepare those witnesses; and (3) through its designee, answer fully the questions posed.[5]

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a. Duty to Designate

The corporation being deposed, not the party taking the deposition, is obligated and entitled to designate the witness.[6] Those designated must be able to testify as to matters known or reasonably available to the corporation.[7] A lack of firsthand corporate knowledge responsive to a Rule 30(b)(6) topic is not an excuse to avoid designating a witness.[8]

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3 *Prokosch v. Catalina Lighting, Inc.*, 193 F.R.D. 633, 638 (D. Minn. 2000).

4 *Scovill Mfg. Co. v. Sunbeam Corp.*, 61 F.R.D. 598, 604 (D. Del. 1973). ("The Notice is sufficient to inform [the corporation] of the matters which will be inquired into at the depositions, so that [the corporation] can determine the identity and number of persons whose presence will be necessary to provide an adequate response to any . . . potential questions."). *See Mitsui & Co. (U.S.A.), Inc. v. Puerto Rico Water Res. Auth.*, 93 F.R.D. at 62, 67 (D.P.R. 1981) (holding that Rule 30(b)(6) topics met "the reasonable particularity requirements" when they were "sufficient to inform [the corporation] of the matters which will be inquired into at the depositions so that [the corporation] can determine the identity and number of persons whose presence will be necessary to provide an adequate response to any . . . potential questions.").

5 The corporation being deposed, "must make a conscientious good-faith endeavor to designate the persons having knowledge of the matters sought by [the party noticing the deposition] and to prepare those persons in order that they can answer fully, completely, unevasively, the questions posed . . . as to the subject matters." *Mitsui & Co.*, 93 F.R.D. at 67. *See, e.g., Prokosch,* 193 F.R.D. at 638; *Buycks-Roberson v. Citibank Fed. Sav. Bank*, 162 F.R.D. 338, 342 (N.D. Ill. 1995); *Dravo Corp. v. Liberty Mut. Ins. Co.*, 164 F.R.D. 70 (D. Neb. 1995); *SEC v. Morelli*, 143 F.R.D. 42, 45 (S.D.N.Y. 1992) (*all citing Mitsui*).

6 *RTC v. Southern Union. Co., Inc.*, 985 F.2d 196, 197 (5th Cir. 1993) (burden on corporation to designate a witness); *Operative Plasterer's & Cement Mason's Int'l Ass'n v. Benjamin*, 144 F.R.D. 87, 89 (N.D. Ind. 1992) (finding that a Rule 30(b)(6) notice that purported to name the witnesses designated to testify was "defective").

7 *Mitsui & Co.*, 93 F.R.D. at 66.

8 "'The general rule is that a claimed lack of knowledge does not provide sufficient grounds for a protective order; the other side is allowed to test this claim by deposing the witness.'" *Ierardi v. Lorillard, Inc.*, 1991 WL 158911, at *1 (E.D. Pa. Aug. 13, 1991) (*citing Amherst Leasing Corp. v. Emhart Corp.*, 65 F.R.D. 121, 122 (D. Conn. 1974)).

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b. Duty to Prepare

The duty to prepare is well recognized.[9] Courts have identified at least three key elements of the duty to prepare:

- First, the corporate designee must testify to all information that is "known or reasonably available" to the corporation.[10]
- Second, the corporation has an affirmative duty to educate the witness as to information reasonably available to the corporation.[11]
- Third, in undertaking the obligatory preparation, the corporation must actively gather information reasonably available to it and use such information to educate the designee.[12]

c. Duty to Answer

Once prepared, the corporate designee must "answer fully, completely, unevasively, the questions posed . . . as to the relevant subject matters."[13] If a designated witness is unable to testify fully, the corporation is obligated to designate another witness who can do so.[14]

A corporation's failure to meet its obligations to designate and educate a witness who can answer appropriate questions may result in sanctions.

5. There are Sanctions for Failing to Designate, Educate or Answer

A corporation's failure to meet its obligations to designate and educate a witness who can answer appropriate questions may result in sanctions.[15] If a corporation fails to make any designation under Rule 30(b)(6), the examining party may move for an order compelling discovery under Fed. R. Civ. P. 37(a). If an order is entered and subsequently disobeyed, sanctions may be imposed under Fed. R. Civ. P. 37(b).[16] If a Rule 30(b)(6) designee fails to appear for a deposition in response to a proper notice, under Fed, R. Civ. P. 37(d), the court may impose sanctions directly without

9 *See, e.g., Stanford Univ. v. Tyco Int'l Ltd.*, 253 F.R.D. 524, 525-26 (C.D. Cal. 2008); *A & E Prod. Group, L.P. v. Mainetti USA Inc.*, 2004 WL 345841, at *6 (S.D.N.Y. Feb. 25, 2004).

10 *Mitsui & Co.*, 93. F.R.D. at 66; *Stanford Univ.*, 253 F.R.D. at 526.

11 *U.S. v. Taylor,* 166 F.R.D. 356, 362 (M.D.N.C. 1996), *order aff'd,* 166 F.R.D. 367 (M.D.N.C. 1996) (designee's duty to review all matters known or reasonably available to the corporation in preparation for the deposition); *Stanford Univ.*, 253 F.R.D. at 526.

12 *Banks v. Office of the Senate Sgt.-at-Arms,* 241 F.R.D. 370, 373 (D.D.C. 2007), *citing, Wilson v. Lakner,* 228 F.R.D. 524, 528 (D. Md. 2005) ("While the rule may not require absolute perfection in preparation—it speaks after all of matters known or 'reasonably available' to the organization—it nevertheless certainly requires a good faith effort on the party [*sic*] of the designate to find out the relevant facts—to collect information, review documents, and interview employees with personal knowledge just as a corporate party is expected to do in answering interrogatories."); *See, e.g., Briddell v. St. Gobain Abrasives Inc.*, 233 F.R.D. 57, 61 (D. Mass. 2005) (duty to review all employee files notwithstanding burden on corporation); *Calzaturficio S.C.A.R.P.A. v. Fabiano Shoe Co., Inc.,* 201 F.R.D. 33, 37 (D. Mass. 2001) (duty to review prior depositions and deposition exhibits); *Alexander v. FBI*, 186 F.R.D. 148, 152 (D.D.C. 1999) (implicit duty to interview persons with knowledge); *Buycks-Roberson*, 162 F.R.D. at 343 (duty to review all documents and not a sample as well as duty to investigate old unwritten corporate practices).

13 *Mitsui & Co.*, 93 F.R.D. at 67.

14 *Prokosch,* 193 F.R.D. at 638; *Alexander,* 186 F.R.D. at 152; *Taylor*, 166 F.R.D. at 360; *Dravo Corp.*, 164 F.R.D. at 75; *Marker v. Union Fid. Life Ins. Co.*, 125 F.R.D. 121, 126 (M.D.N.C. 1989).

15 *See, e.g., Tacori Ent. v. Beverlly Jewelry Co., Ltd.*, 253 F.R.D. 577 (C.D. Cal. 2008) (plaintiff awarded monetary sanctions for defendants' behavior in connection with Rule 30(b)(6) depositions).

16 *SEC v. Thomas*, 116 F.R.D. 230, 233 (D. Utah 1987).

first issuing an order compelling discovery.[17] Importantly, producing an unprepared witness is tantamount to a failure to appear at the Rule 30(b)(6) deposition.[18]

6. Testimony Under the Rule is "Binding"

Courts and counsel are quick to say that a corporate designee's testimony in a Rule 30(b)(6) deposition is "binding." Based on the loose use of this term, some courts appear to hold that the designee's testimony constitutes a "binding" and preclusive admission.[19] Critically, judicial admissions may not be contradicted.[20] But a better reading of the law is that statements made in 30(b)(6) testimony are distinguished from and do not constitute binding "judicial admissions."

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Judicial admissions must be distinguished from ordinary evidentiary admissions. A judicial admission is binding upon the party making it; it may not be controverted at trial or on appeal of the same case. Judicial admissions are not evidence at all, but rather have the effect of withdrawing a fact from contention. Included within this category are admissions in the pleadings in the case, admissions in open court, stipulations of fact, and admissions pursuant to requests to admit.

Ordinary evidentiary admissions on the other hand, may be controverted or explained by the party. Within this category fall the pleadings in another case, superseded or withdrawn pleadings in the same case, judicial admissions in another case, stipulations as to admissibility, as well as other statements admissible under Rule 801(d)(2) [admissions by a party opponent].[21]

W.R. Grace & Co. v. Viskase Corp., the first in a long line of cases, clarifies that corporate Rule 30(b)(6) testimony is no more binding than any other deposition testimony.[22] In *W.R. Grace*, defendant moved *in limine* to exclude any evidence contrary to plaintiff's admissions made during its Rule 30(b)(6) depositions. Defendant argued that plaintiff was bound to its 30(b)(6) deposition testimony as a matter of law and moved to preclude the admission of any contrary evidence. Denying the motion, the court found that a corporation is "bound" by its Rule 30(b)(6) testimony, in the same sense that any individual deposed under Rule 30(b)(1) would be "bound" by his or her testimony.

17 *Charter House Ins. Brokers, Ltd. v. N.H. Ins. Co.*, 667 F.2d 600, 604 (7th Cir. 1981); *Guidry v. Cont'l Oil Co.*, 640 F.2d 523, 533 (5th Cir.), *cert. denied,* 454 U.S. 818 (1981).

18 *See, e.g., RTC v. S. Union Co., Inc.*, 985 F.2d 196, 197 (5th Cir. 1993) ("If that agent [the designee] is not knowledgeable about relevant facts, and the principal has failed to designate an available, knowledgeable, and readily identifiable witness, then the appearance is, for all practical purposes, no appearance at all."); *Calzaturficio* 201 F.R.D. at 39 (citations omitted); *Taylor*, 166 F.R.D. at 363 (under Rule 37(d), a failure to prepare is sanctionable); *Hudson Transit Lines, Inc. v. Zozichowski*, 142 F.R.D. 68, 78 (S.D.N.Y. 1991) (citing *Thomas v. Hoffman-LaRoche, Inc.*, 126 F.R.D. 522, 524-25 (N.D. Miss. 1989). *See S. Union Co., Inc.*, 985 F.2d at 198 (affirming a district court award of fees and costs under Rule 37(d), Fed. R. Civ. P.).

19 *See, e.g., Bryant v. Mattel, Inc.* 2007 WL 5430885, at *2 (C.D. Cal., July 2, 2007), *citing, Sanders v. Circle K Corp.*, 137 F.R.D. 292 (D. Ariz. 1991); *Tower Cranes, Inc. v. Capital Tower Cranes, Inc.*, 892 F.2d 74 (4th Cir. 1989); *Ierardi v. Lorillard, Inc.*, 1991 WL 158911, at *3 (E.D. Pa. Aug. 13, 1991); *McDevitt & Street Co. v. Marriott Corp.*, 713 F. Supp. 906 (E.D. Va. 1989).

20 *Brown & Root, Inc. v. Am. Home Assur. Co.*, 353 F.2d 113 (5th Cir. 1965), *cert. denied*, 384 U.S. 943 (1966).

21 30B, M. Graham, *Federal Practice and Procedure: Evidence* § 7025 (4th interim ed. 2006).

22 1991 WL 211647, at *2 (N.D. Ill. Oct. 15, 1991); *See, e.g., Degrado v. Jefferson Pilot Fin. Ins. Co.*, 2009 WL 279019, at *21 (D. Colo. Feb. 5, 2009); *Sea Trade Co. Ltd. v. FleetBoston Fin. Corp.*, 2008 WL 4129620, at *21, (S.D.N.Y., Sept. 4, 2008); *A & E Prod. Group. L.P. v. Mainetti USA Inc.*, 2004 WL 345841, at *7 (S.D.N.Y. Feb. 25, 2004).

But where a party seeks to contradict Rule 30(b)(6) testimony at trial with new evidence and offers no explanation why the earlier testimony should be amended, some courts have held that the court may either preclude such evidence, or allow the new evidence, together with the party's explanation, to be submitted to the jury.[23]

7. Rule 30(b)(6) Testimony Can Be Used to Impeach

Use of Rule 30(b)(6) testimony for impeachment under Rule 32(a)(2) implicates Fed. R. Evid. 801(d)(2)(A).[24] The corporate designee's testimony is admissible as an admission of party-opponent under Fed. R. Evid. 801(d)(2)(A) and may be used at trial by an adverse party for any purpose.

8. Questions Outside the Scope of the Notice Are Generally Permitted

Courts generally hold that a corporate deponent cannot refuse to answer questions falling outside the scope of the deposition topics. The majority rule is that when questions fall outside the scope of the Rule 30(b)(6) topics, the deposition will convert to a fact deposition.

In virtually every Rule 30(b)(6) deposition, some questions fall outside the deposition topics' scope. Courts generally hold that a corporate deponent cannot refuse to answer questions falling outside the scope of the deposition topics. The majority rule is that when questions fall outside the scope of the Rule 30(b)(6) topics, the deposition will convert to a fact deposition. In King v. Pratt & Whitney, A Division of United Technologies Corp.[25] the court adopted the most widely agreed-upon interpretation of the scope of questioning in a Rule 30(b)(6) deposition. If the examining party asks questions outside the scope of the topics described in the Rule 30(6)(6) notice, that portion of the deposition is governed by the general rule on depositions, Fed. Rule Civ. P. 26(b)(1). Thus, relevant questions may be asked, and no special protection is conferred on a deponent by virtue of the fact that the deposition was noticed under Rule 30(b)(6). If the deponent does not know the answer to questions outside the scope of topics set forth in the notice, "then that is the examining party's problem."[26]

9. Instructions Not to Answer are Likely Improper

With only limited exceptions, instructions not to answer questions at a 30(b)(6) deposition are improper.[27] But allowing the witness to answer without objection also poses a risk that the opposing party will later argue that the testimony was within the scope of the Rule 30(b)(6) notice and therefore "binding" testimony of the corporation. The least objectionable approach to overbroad questions is to object and allow the witness to answer.

If the examining party acts in bad faith by seeking to examine the designee on confidential or privileged areas well beyond the topics in the Rule 30(b)(6) deposition notice, counsel for the corporation may suspend the deposition under Fed. R. Civ. P. 30(d)(3) and seek a court ruling.

23 *State Farm Mut. Auto. Ins. Co. v. New Horizon, Inc.*, 250 F.R.D. 203, 213, n.6 (E.D. Pa. 2008), *citing, U.S. v. Taylor,* 166 F.R.D. at 362, and *Ierardi v. Lorillard, Inc.*, 1991 WL 158911, at *3; *Super Future Equities, Inc. v. Wells Fargo Bank Minn., N.A.,* 2007 WL 4410370, at *8 (N.D. Tex. Dec. 14, 2007).

24 That rule provides for use of a party opponent's admission, which is "The party's own statement in either individual or a representative capacity."

25 161 F.R.D. 475 (S.D. Fla. 1995).

26 *Id.* at 476. *See Stone v. Morton Int'l, Inc.*, 170 F.R.D. 498, 500 (D. Utah 1997).

27 *Stanford Univ. v. Tyco Int'l Ltd.*, 253 F.R.D. at 526; *Paparelli v. Prudential Ins. Co. of Am.*, 108 F.R.D. 727, 730 (D. Mass. 1985). *See, e.g., Fed. Deposit Ins. Corp. v. Butcher,* 116 F.R.D. 196, 202 (E.D. Tenn. 1986); *Smith v. Logansport Comty. Sch. Corp.*, 139 F.R.D. 637, 643 (N.D. Ind. 1991); *Hoechst Celanese Corp. v. Centaur Ins. Co.*, 623 A.2d 1099 (Del. Super. Ct. 1991).

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ABOUT SHB

Shook, Hardy & Bacon offers expert, efficient and innovative representation to our clients. We know that the successful resolution of intellectual property issues requires a comprehensive strategy developed in partnership with our clients.

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10. Be Creative in Defending Rule 30(b)(6) Depositions

A few simple steps can assist the company responding to a Rule 30(b)(6) deposition. For example:

- Clarify the scope of the deposition topics in writing before the deposition. Clarify ambiguities before the deposition starts. Move for protection if necessary.
- Make sure your level of preparation is reasonable under local law. When preparing, an "ounce of prevention is worth a pound of cure."
- Consider having several witnesses respond as a panel to questions. Rule 30(b)(6) expressly allows a company to "designate one or more officers." Don't put all of the corporate burden on just one witness.
- Prepare briefing books for the designee(s) to refer to while testifying, but remember these books also must be provided to opposing counsel.[28]
- Where possible, locate information "on the fly" for the witness during the deposition to avoid the need for a new designee.

28 *See State Farm Mut. Auto. Ins. Co.*, 250 F.R.D. at 208 (party required to provide a "road map").