

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA**

| | | |
|-------------------------|---|----------------------------|
| INSIGNIA SYSTEMS, INC., |) | |
| |) | CIVIL NO 04-4213 (JRT/AJB) |
| Plaintiff, |) | |
| |) | |
| v. |) | |
| |) | |
| NEWS AMERICA MARKETING |) | |
| IN-STORE, INC., |) | |
| |) | |
| Defendant. |) | |

**INSIGNIA SYSTEMS, INC.'S MEMORANDUM IN SUPPORT OF SECOND
MOTION TO COMPEL PRODUCTION OF MATERIALS FOR USE AT TRIAL**

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Plaintiff Insignia Systems, Inc. (“Insignia”), for its Memorandum in Support of Second Motion to Compel Production Of Materials For Use At Trial (“Motion To Compel”), states as follows:

PRELIMINARY STATEMENT

Insignia brings this motion to compel News America Marketing In-Store, Inc. (“News America”) to produce highly relevant materials from the trial and settlement of an action brought by another third-party in-store marketer, FLOORGraphics, Inc. (“FGI”) against News America in the District of New Jersey. The FGI Action¹ involved facts and claims remarkably similar to those in this action – FGI complained of a near-identical relentless campaign to destroy FGI’s business through, *inter alia*, disseminating false and misleading information concerning FGI in an effort to take away FGI’s customers. The FGI Action was tried in March 2009 and settled after about one week of trial. Immediately following the discontinuation of the FGI Action, News America announced it would acquire FGI’s retailer contracts and other assets.

Not surprisingly, because of the similarity of facts and issues, much of the evidence introduced in the FGI Trial is highly relevant to the issues in the instant case. What’s more, Insignia is already in possession of the trial transcript from the FGI Action, which is not confidential and is in fact available to the general public. Insignia seeks now only the exhibits that were admitted into evidence at that trial, documents which, like the trial transcript, are part of the public trial record.

In addition to the trial exhibits, Insignia seeks production of the settlement agreement between News America and FGI. This is a document that could provide critical evidence in support of Insignia's case and, like the FGI Trial Exhibits, was not available to Insignia during discovery in the instant case. The document is highly relevant because it evidences the acquisition by News America, a monopolist, of the lone remaining competitor, apart from Insignia, in the relevant in-store advertising antitrust market. Insignia also anticipates that the document might contain provisions that further evidence News America's anticompetitive objectives, such as non-compete provisions binding on the senior executives of FGI.

News America's refusal to produce these documents – documents intended only for use at trial, that were not available to Insignia during discovery, that are not confidential, and are highly relevant to this action – is needlessly wasteful of the time and resources of not one but two courts. The FGI Trial Exhibits are part of the public trial record. There is no valid reason not to produce the settlement agreement, particularly if News America's only concern is confidentiality. Yet this conduct is disturbingly consistent with News America's conduct throughout this case, that of opposing Insignia's document demands and other requests requiring Insignia to bring no fewer than eight motions to compel. Such continuing conduct in the face of Insignia's reasonable and legitimate requests should not be condoned.

For the foregoing reasons, Insignia's Motion to Compel should be granted in its entirety.

¹ Capitalized terms not defined herein are defined elsewhere where appropriate.

STATEMENT OF FACTS

The FGI v. News America Action In New Jersey Federal Court

FGI brought an action against News America, *FGI, Inc. v. News America Marketing In-Store Services Inc. et al.*, Civil No. 04-3500 (AET) (the “FGI Action”), in the United States District Court for the District of New Jersey (the “New Jersey Court”). FGI, like Insignia and News America, was a third party provider of at-shelf in-store advertising and promotions products and services for consumer goods sold primarily in grocery and drug stores. (Wood Decl. Exh. A, FGI’s Fourth Am. Compl., at ¶¶ 6, 8-10.)²

FGI brought claims against News America for unfair competition, commercial disparagement, and violations of the Lanham Act, as well as tortious interference and violations of computer fraud statutes. (Wood Decl. Exh. A, at 2.) FGI alleged that beginning in 1999, News America began a deliberate campaign against FGI to gain exclusive control over all in-store marketing programs. (*Id.* ¶ 12.) FGI alleged that when it refused to capitulate to News America’s demands to purchase FGI, News America began offering a “take-it or leave-it” proposition to retailers – in other words, either News America would be the exclusive provider of all in-store retailer advertising, or the store would be excluded from all News America programs. (*Id.* ¶¶ 13, 14.) News America also allegedly offered sizable, economically dubious payments to retailers in efforts to entice them away from News America’s competitors. (*Id.* ¶¶ 18, 19.) FGI further alleged that News America disseminated false and misleading information about

² “Wood Decl.” refers to the accompanying Declaration of Stephen A. Wood, executed on December 8, 2009.

FGI to drive FGI's customers away (*id.* ¶ 17), and that News America threatened retailers that it would reduce payments to them if they did not stop doing business with News America's competitors (like FGI and Insignia). (*Id.* ¶ 18.) FGI alleged that News America disseminated false rumors that FGI was going out of business and had breached its contracts, and targeted FGI's customers with false information about the strength of News America's field force, compliance and other issues. (*Id.* ¶¶ 17, 19.)

Trial in the FGI Action began on March 3, 2009 (the "FGI Trial"). (Wood Decl. Exh. B, March 3, 2009 FGI Trial Tr., at 3 (a.m.)) After three witnesses testified, the FGI Action settled on March 10, 2009, and the New Jersey Court dismissed the case with prejudice. (Wood Decl. Exh. B, March 10 2009 FGI Trial Tr., at 2-5 (a.m.); Exh. C, Order dated March 10, 2009.) At the time of settlement, the scope of the testimony largely concerned News America's anticompetitive conduct.³ In all, just over 100 exhibits were admitted into evidence or otherwise disclosed in open court during the trial

³ (See, e.g., Wood Decl. Exh. B, March 4 2009 FGI Trial Tr., at 112-113 (a.m.) (Gary Henderson testimony concerning dissemination of News America letter containing false information regarding the rate at which FGI installed advertisements); March 5, 2009 FGI Trial Tr., at 16-17 (p.m.) (Robert Emmel testimony concerning News America's attempts to eliminate floor ad competition), 41-44 (a.m.) (Robert Emmel testimony concerning representation of the News America sales force at 10,000 to 12,000 instead of 3,500 to 4,000), 63-65 (a.m.) (Robert Emmel testimony explaining reference to Insignia in exhibit that read, "winning some of Floorgraphics' business large and small is critical to our success this year just as Price Pop was last year."); March 6 FGI Trial Tr., at 50-51 (a.m.) (George Rebh testimony concerning a lunch with Mr. Carlucci of News America where Mr. Carlucci stated, "if you ever get into any of our business I will destroy you" and "I work for a man who wants it all, and doesn't understand anyone telling him he can't have it all."); 85-88 (a.m.) (George Rebh testimony concerning effect of Dominic Porco's letter on FGI and misrepresentations contained therein.))

(the “FGI Trial Exhibits”). (Wood Decl. ¶ 20; *see also* Wood Decl. Exh. B, Indices to March 4, 5, 6, and 9, 2009 FGI Trial Tr.)

During the FGI Trial, counsel for News America expressly requested that the confidentiality designation on the FGI Trial Exhibits be removed prior to publishing to the jury in order to avoid any sort of prejudice. In response to an inquiry from the New Jersey Court, Diane Green-Kelly, counsel for News America, stated:

Your Honor, there *was* a protective order in the case, so that the parties, when they exchange documents, had a large number that were stamped for attorneys’ eyes only. At this point, once the documents are shown to the jury, *they are no longer attorneys’ eyes only*, and we feel that some of them – it would be prejudicial for the jury to see that designation, because it may imply that, in fact, that information is confidential, and, in fact, *it is not*.

(Wood Decl. Exh. B, March 3, 2009 FGI Trial Tr., at 34-35 (a.m.)) (emphasis added).

**Insignia’s Good Faith Efforts to Obtain the Trial Exhibits Admitted in
Open Court During the Trial of the FGI Action**

On March 13, 2009 – three days after the FGI Action settled – Insignia’s counsel contacted counsel for News America to request that News America undertake to preserve certain materials, including the FGI Trial Exhibits, and indicated that Insignia intended to seek to use some of the evidence at trial in this Action. (Wood Decl. Exh. D, March 13, 2009 Letter from Stephen A. Wood to Matthew L. Cantor.) On March 17, 2009, News America’s counsel responded, stating News America “intend[ed] to decline” any request to produce the materials. (Wood Decl. Exh. E, March 17, 2009 Letter from Mr. Cantor to Mr. Wood.) In addition, counsel stated that Insignia’s request to preserve the admitted exhibits was unnecessary, because they were “publicly-filed materials” that

could be retrieved directly from the New Jersey Court. (*Id.*) At the same time, News America contended that the disposition of documents produced in the FGI Action was governed by the protective order entered by the New Jersey Court. (*Id.*)

In a letter dated April 1, 2009, Insignia's counsel informed News America's counsel that Insignia endeavored to obtain the FGI Trial Exhibits from the New Jersey Court, but was told by court personnel that the FGI Trial Exhibits were not, nor were they ever, in the New Jersey Court's possession. (Wood Decl. Exh. F, April 1, 2009 Letter from Mr. Wood to Mr. Cantor.) Insignia then requested that News America provide, among other things, copies of the FGI Trial Exhibits, and indicated that should News America refuse, Insignia would seek relief from the Court. (*Id.*) Two days later, News America refused to produce the FGI Trial Exhibits, claiming that Insignia's request was overbroad in that it called for the production of irrelevant documents. (Wood Decl. Exh. G, April 3, 2009 Letter from Mr. Cantor to Mr. Wood.)

On April 17, 2009 and April 21, 2009, Insignia served local New Jersey counsel for News America (Mr. Goodell) and local counsel for FGI (Mr. Edelstein) with valid subpoenas issued from the New Jersey Court calling for the production of documents on or before May 6, 2009 and May 8, 2009 respectively (Wood Decl. Exh. H, Subpoena *Duces Tecum* to Steven P. Goodell, Esq., dated April 17, 2009; Exh. I, Subpoena *Duces Tecum* to Nathan M. Edelstein, Esq., dated April 30, 2009.) These subpoenas sought all documents used by News America or its counsel, and FGI or its counsel, as exhibits at the FGI Trial that were admitted into evidence or otherwise disclosed in open court. (*Id.*)

On April 23, 2009, Mr. Edelstein served a letter to Insignia's counsel in which he contended that the subpoenaed documents were not in his "custody." (Wood Decl., Exh. J, April 23, 2009 Letter from Mr. Edelstein to Mr. Wood.) On April 30, 2009, Mr. Goodell objected to the subpoena in its entirety on five grounds. (Wood Decl. Exh. K, Responses and Objections to Insignia Systems, Inc.'s Subpoena to Steven P. Goodell, Esq., and cover letter, dated April 30, 2009.) First, Goodell objected to producing the trial exhibits because, according to Goodell, they are the subject of a protective order governing the New Jersey Action. (*Id.*) The provision of the protective order to which Mr. Goodell referred in his response provides, in pertinent part, that:

[i]n the event that any Confidential Material is used in any court proceeding in [the FGI Action], it shall not lose its confidential status through such use, and the parties shall take all steps required to protect the confidentiality of the Confidential Information during such use, including designating the portions of the hearing transcript concerning such Confidential Information as "CONFIDENTIAL" or "CONFIDENTIAL – ATTORNEYS' EYES ONLY." If documents that are designated "CONFIDENTIAL" or "CONFIDENTIAL, [sic] – ATTORNEYS' EYES ONLY" are attached as exhibits to a pleading that is filed in court, the pleading shall be filed under seal. If a pleading that is filed in court contains information that has been designated "CONFIDENTIAL" or "CONFIDENTIAL – ATTORNEYS' EYES ONLY" the pleading shall be filed under seal to preserve the confidentiality of the information.

(Wood Decl. Exh. L, Consent Order Regarding Treatment of Confidential Information, dated November 29, 2004.)

Second, Goodell asserted unsubstantiated boilerplate objections that the request is overbroad and, third, contrary to the Court's previous ruling, that the FGI Trial

Exhibits are somehow not relevant to the issues raised in this action. (Wood Decl. Exh. K.) Fourth, Goodell objected to producing the trial exhibits on the grounds that discovery in this action closed on August 11, 2008, and the subpoena was an improper attempt by Insignia to gather additional discovery against News America through Goodell. (*Id.*) Finally, Goodell objected, again without substantiation, on the ground that the exhibits were not in his possession, custody or control. (*Id.*)

After efforts to confer with Goodell and Edelstein did not reach a resolution (Wood Decl. ¶¶ 14-17), Insignia filed a Petition with the New Jersey Court seeking to compel Edelstein and Goodell's compliance with the subpoenas ("Insignia's Petition"). (Wood Decl. Exh. ¶ 18.) Both Edelstein and Goodell opposed, with News America joining Goodell's opposition to Insignia's Petition. Neither Goodell nor News America raised the issue of the protective order in their opposition to Insignia's Petition. (Wood Decl. Exh. M, Steven P. Goodell's and News America's Joint Opposition to Compel Compliance with Subpoenas, dated September 21, 2009.) On October 22, 2009, the New Jersey Court denied Insignia's Petition, crediting Goodell's and Edelstein's arguments that they did not have "control" of the FGI Trial Exhibits, and that discovery in this action was closed. (Wood Decl. Exh. N, Opinion and Order on Motion to Compel, dated October 20, 2009.)

Insignia's Efforts to Obtain the FGI Settlement Agreement

On October 9, 2009, Insignia's counsel wrote to News America's counsel requesting that News America "produce the written agreement memorializing the terms of settlement between NAM and FLOORGraphics (the "FGI Settlement Agreement")."

(Wood Decl. Exh. R, October 9, 2009 Letter from Mr. McGuinness to Mr. Cantor and Mr. Wind.) In the October 9, 2009 letter, Insignia's counsel informed News America's counsel that the FGI Settlement Agreement was responsive to a number of Insignia's document requests, and that News America has a continuing duty to supplement its production whenever it acquires or locates additional documents between the time of the initial production and trial. (*Id.*)

Counsel for News America responded on October 14, 2009 with an unequivocal refusal to produce the FGI Settlement Agreement. (Wood Decl. Exh. S, October 14, 2009 Letter from Mr. Cantor to Mr. McGuinness.) On October 16, 2009, Insignia again wrote to News America's counsel, asserting that Insignia was entitled to production of the FGI Settlement Agreement due to, among other things, the "similarity of issues" between the cases. (Wood Decl. Exh. T, October 16, 2009 Letter from Mr. McGuinness to Mr. Cantor.) News America's counsel responded that they would not produce the FGI Settlement Agreement for the reasons stated in their October 14, 2009 letter. (Wood Decl. Exh. U, October 27-28, 2009 E-mail correspondence between Mr. McGuinness, Mr. Cantor, Ms. Coughlin and others.) On October 28, 2009, counsel for Insignia offered to "explore a basis under which News America would be willing to produce the [FGI] Settlement Agreement." (*Id.*) News America did not respond. (Wood Decl. ¶ 28.) This Motion to Compel followed.

ARGUMENT

I. NEWS AMERICA MUST PRODUCE THE FGI TRIAL EXHIBITS, WHICH IT ADMITS ARE PART OF THE PUBLIC RECORD

As the foregoing facts demonstrate, Insignia pursued these trial exhibits through subpoena and motion practice in New Jersey because News America raised an objection based on a New Jersey protective order, an objection that was wholly improper considering that News America's counsel expressly waived the protections of that order during the trial before the New Jersey Court. In its opposition to Insignia's Petition, News America, not surprisingly, abandoned its position that the FGI Trial Exhibits were governed by the New Jersey protective order, thus, the New Jersey Court did not need to consider that order in denying Insignia's motion to compel.

As News America's waiver has removed the only obstacle to proceeding in this Court (the New Jersey protective order), News America should produce the FGI Trial Exhibits. These exhibits, which News America admits are "publicly filed," correspond to and complete the publicly available FGI Trial transcripts, which contain testimony from key witnesses that is directly relevant to the dispute before this Court. Insignia seeks to use the FGI Trial Exhibits during trial of this action when it offers the testimony of the witnesses who testified in the FGI Trial. The FGI Trial Exhibits are unquestionably within News America's possession and control. Yet, News America's back and forth conduct has forced Insignia to jump through hoop after hoop obtain these materials. At bottom, the FGI Trial Exhibits are not discovery, rather, they are public documents that

correspond to a public transcript, and are highly relevant to Insignia's claims in this action. Insignia's Motion to Compel should be granted.

A. The FGI Trial Exhibits Are Public Records and Are Not "Discovery" in this Action

The FGI Trial Exhibits are not discovery, rather they are public records – exhibits that were used by the parties during the FGI Trial and that correspond to, and complete, the publicly available FGI Trial transcripts. These documents should be produced by News America. Consistent with News America's March 17, 2009 admission that the FGI Trial Exhibits are "publicly-filed materials", counsel for News America, during the FGI Trial, expressly requested that the confidentiality designation on exhibits be removed prior to publishing to the jury in order to avoid any sort of prejudice. In response to an inquiry from the New Jersey Court, Diane Green-Kelly, counsel for News America, stated:

Your Honor, there *was* a protective order in the case, so that the parties, when they exchange documents, had a large number that were stamped for attorneys' eyes only. At this point, once the documents are shown to the jury, *they are no longer attorneys' eyes only*, and we feel that some of them – it would be prejudicial for the jury to see that designation, because it may imply that, in fact, that information is confidential, and, in fact, *it is not*.

(Wood Decl. Exh. B, March 3, 2009 FGI Trial Tr., at 34-35 (a.m.)) (emphasis added).

Consistent with this waiver on the record, neither News America nor FGI sought any special protection under New Jersey Local Civil Rule 5.3(c), which provides that a formal motion to seal must be made demonstrating "the clearly defined and serious injury

that would result if the relief sought is not granted.” (Wood Decl. Exh. V, Local Civil Rule 5.3 of the New Jersey Court.)⁴

It is well established that “the release of information in open court is a publication of that information and, if no effort is made to limit its disclosure, operates as a waiver of any right a party had to restrict its future use.” *Littlejohn v. BIC Corp.*, 851 F.2d 673, 679 (3d Cir. 1988). *See also Zenith Radio Corp. v. Matsushita Elec. Indus. Co., Ltd.*, 529 F. Supp. 866, 897-98 (E.D. Pa. 1981) (holding that even where document was originally filed under seal, trial exhibits admitted into evidence were judicial records to which access rights attached); *Rambus, Inc. v. Infineon Tech. AG*, No. 00 Civ. 524, 2005 WL 1081337, at *2 (E.D. Va. May 6, 2005) (holding that demonstrative slides containing confidential excerpts from transcripts and exhibits, some of which were covered by the protective order, used during a hearing were “released to the public at the hearing effectively moot[ing] any argument that the documents retained any protected status following the Hearing”). In general, there is a common law right of public access to judicial materials. *See, e.g., In re Cendant Corp.*, 260 F.3d 183, 192 (3d Cir. 2001); *Publicker Indus., Inc. v. Cohen*, 733 F.2d 1059, 1066 (3d Cir. 1984) (“[t]he existence of a common law right of access to judicial proceedings and to inspect judicial records is beyond dispute”); *In re Guidant Corp. Implantable Defibrilators Products Liability Litig.*, 245 F.R.D. 632, 636-37, 642 (D. Minn. 2007) (granting motion allowing news

⁴ Otherwise, Local Civil Rule 5.3(a) provides that “[s]ubject to this rule and to statute or other law, all materials and judicial proceedings are matters of public record and shall not be sealed,” and, under the rule, “‘materials’ include pleadings as well as documents of any nature and in any medium. . . . ‘[j]udicial proceedings’ include hearings and trials but do not include conferences in chambers.” (*Id.*)

organization to intervene to seek documents “that were filed in connection with . . . summary judgment materials or used during the summary judgment hearing,” and recognizing common law right of access).⁵

Without the FGI Trial Exhibits, the trial transcript is incomplete. As the District of Minnesota has observed, “the ‘cold’ record is a very imperfect reproduction of events that transpire in the courtroom.” *Cappellupo v. FMC Corp.*, Civ. Nos. 4-85-1239, 4-86-945, 1989 WL 42615, at *3 (D. Minn. April 28, 1989) quoting *Richmond Newspapers, Inc. v. Virginia*, 448 U.S. 555, 597 n.2 (1980) (Brennan, J., concurring). A transcript without the corresponding trial exhibits is even more imperfect. *Cf. Cardiac Pacemakers, Inc. v. Aspen II Holding Company, Inc.*, Civil No. 04-4048 (DWF/FLN), 2006 WL 3079410 at *4 (D. Minn. Oct. 24, 2006) (party opposing public access to summary judgment briefs had a “heightened burden”, “especially when subsequent documents based on arguments made in the summary judgment briefs – namely, the hearing transcript and February 2 Order – are unsealed.”).

In sum, Insignia’s request of News America is not “discovery,” but rather, a request for trial exhibits, that were made available only when used in open court in the FGI Trial in March, 2009. Insignia may offer the trial testimony of the witnesses who testified in the FGI Trial, and now seeks the corresponding trial exhibits that complete the

⁵ The purpose of the common law right of access is plain: “[t]he right of access to judicial records, like the openness of court proceedings, serves to enhance the basic fairness of the proceedings and to safeguard the integrity of the fact-finding process.” *Republic of Philippines v. Westinghouse Elec. Corp.*, 139 F.R.D. 50, 56 (D.N.J. 1991). See also *In the matter of the search of Up North Plastics*, 940 F. Supp. 229, 231 n.1 (D. Minn. 1996) (“public access to judicial proceedings promotes respect for the judicial system and acts as a watchdog over judicial proceedings.”).

publicly available FGI Trial transcripts. (Wood Decl. ¶ 20.) This material is not protected from disclosure to Insignia and should be produced by News America, who abandoned its claim that the exhibits were protected by the New Jersey protective order.

B. The FGI Trial Exhibits are Highly Relevant to the Dispute Before this Court and Insignia's Request is Not Overbroad

Insignia is entitled to the FGI Trial exhibits because they are highly relevant to Insignia's case against News America in this Court. Insignia's request for the just over 100 trial exhibits, admitted during the course of the abbreviated FGI Trial, is not overbroad. The FGI Trial testimony included that of key witnesses with information highly relevant to this action. (*See, e.g.*, Wood Decl. Exh. B, March 6 FGI Trial Tr., at 50-51 (a.m.) (George Rebh testimony concerning a lunch with Mr. Carlucci of News America where Mr. Carlucci warned Mr. Rebh, "if you ever get into any of our business I will destroy you" and "I work for a man who wants it all, and doesn't understand anyone telling him he can't have it all."); 85-88 (a.m.) (George Rebh testimony concerning effect of Dominic Porco's letter on FGI and misrepresentations contained in that letter.); March 4 2009 FGI Trial Tr., at 111-113 (a.m.) (Gary Henderson testimony concerning dissemination of the Porco letter containing false information regarding the rate at which FGI installed advertisements); March 5, 2009 FGI Trial Tr., at 41-44 (a.m.) (Robert Emmel testimony concerning representation of the News America sales force at 10,000 to 12,000 instead of 3,500 to 4,000), 63-65 (a.m.) (Robert Emmel testimony explaining reference to Insignia in document that read, "winning some of Floorgraphics' business large and small is critical to our success this year just as Price Pop was last year."))

Insignia intends to use the FGI Trial Exhibits during the trial of this action when it introduces testimony from the three witnesses who testified at the FGI Trial. (Wood Decl. ¶ 20.)

Courts have routinely permitted plaintiffs to obtain information generated in related litigation where, like here, the litigations involve the same or similar issues. For example, in *Carter-Wallace Inc. v. Hartz Mountain Indus., Inc.*, 92 F.R.D. 67 (S.D.N.Y. 1981), plaintiff sued for alleged anticompetitive activities engaged in by the defendants. *Id.* at 68. Plaintiff sought to compel defendants to produce transcripts of depositions in a settled litigation against defendants, which was based on similar allegations of monopolization. *Id.* The court ordered defendants to produce the deposition transcripts, even though the depositions were subject to a protective order, on the grounds that the cases involved substantially similar allegations concerning monopoly power and anticompetitive activities, and the conduct which led to both actions occurred during overlapping periods of time. *Id.* at 71 (“[t]estimony by [defendant’s] witnesses pertaining to its practices in the market is arguably as relevant to this action as to [the previous] action and, therefore, should be produced so that [plaintiff] can review it for possible use in this case.”). *See also Castano v. Am. Tobacco Co.*, 889 F. Supp. 904, 907 (E.D. La. 1995) (permitting plaintiffs to proceed with discovery related to “documents and other discovery produced in other cases”); *Glenmede Trust Co. v. Thompson*, 56 F.3d 476, 485 (3d Cir. 1995) (“The sharing of information among current and potential litigants is furthered by open proceedings”); *Morton International, Inc. v. Atochem North America, Inc.*, No. 87-60 CMW, 1990 WL 299920, at *1 (D. Del. Sept. 18, 1990)

(materials from another action were “highly relevant” where “both cases involve the validity, enforceability, and infringement of the same Morton patents,” and “equities weigh in favor of some type of disclosure” where one party had documents in its possession and other party’s “means to obtain the materials are limited.”).

Insignia and News America are third party providers of at-shelf in-store advertising and promotion products and services for consumer goods sold primarily in grocery and drug stores. FGI was part of this market until recently when its assets were acquired by News America. In this action, Insignia claims that News America violated federal and state antitrust laws and laws prohibiting unfair competition. (Insignia’s Am. Compl. ¶ 8.)⁶ Insignia alleges, among other things, that News America amassed monopoly power and exercised it through a series of broad, exclusive contracts with retailers in an effort to deny Insignia access to those retailers and prevent Insignia from competing with News America. (*Id.* ¶ 2.) Insignia also alleges that News America engaged in unfair competition in violation of the Lanham Act by, among other acts, falsely disparaging Insignia’s performance of contractual obligations in efforts to drive customers away from Insignia (rather than competing with Insignia honestly and fairly). (*Id.* ¶¶ 2, 3.)

The FGI Action also involved claims against News America of unfair competition, commercial disparagement, and violations of the Lanham Act. (Wood Decl. Exh. A, FGI’s Fourth Am. Compl. at 2.) Several common and significant facts are at the

⁶ “Insignia’s Am. Compl.” refers to Insignia’s Amended Complaint for Damages and Injunctive Relief, dated September 23, 2005 [Docket Entry No. 54-1].

center of both actions. FGI alleged that beginning in 1999, News America commenced a deliberate campaign against FGI to gain exclusive control over all in-store marketing programs. (*Id.* ¶ 12.) According to FGI, News America offered sizable, economically dubious payments to retailers in efforts to entice them away from News America's competitors. (*Id.* ¶¶ 18, 19.) FGI alleged that News America disseminated false rumors that FGI was going out of business and had breached its contracts, and targeted FGI's customers with false information about the strength of News America's field force, compliance and other issues. (*Id.* ¶¶ 17, 19.)

The same basic factual themes fuel this action and the evidence admitted or otherwise disclosed in open court during the FGI Trial is extremely probative on the issues in this action. In particular, testimony regarding News America's unfair and anti-competitive conduct directed at other companies in the industry is highly relevant to Insignia's claims against News America, and therefore, the exhibits admitted in connection with such testimony are also highly relevant and necessary to explain the testimony.⁷ See *Continental Ore Co. v. Union Carbide & Carbon Corp.*, 370 U.S. 690, 710 (1962) (holding that information regarding defendant's anti-competitive activities prior to entry of plaintiff into the market was relevant); *The Movie 1 & 2 v. United Artists Comm. Inc.*, 909 F.2d 1245, 1250 (9th Cir. 1990) (holding that evidence of other anti-competitive acts admissible to show, *inter alia*, proof of motive, opportunity and intent

⁷ (See, e.g., Wood Decl. Exh. B, March 5, 2009 FGI Trial Tr., at 63-65 (a.m.) (Robert Emmel testimony explaining reference to Insignia in exhibit that read "winning some of Floorgraphics' business large and small is critical to our success this year just as Price Pop was last year."))

under Fed. R. of Evid. 404(b)); *In re IBM Peripheral EDP Devices Antitrust Litig.*, 459 F. Supp. 626, 632-34 (N.D. Cal. 1978) (holding that evidence of prior acts was admissible to demonstrate conduct by which a monopoly was acquired and maintained). The trial transcripts and exhibits demonstrate that News America did not discriminate among competitors in carrying out its illegitimate acts, but aimed them at multiple parties around the country at the very same time.

C. News America Has Possession, Custody or Control of the FGI Trial Exhibits

Courts have consistently held that a party is required to produce documents in the possession of its agents, including its attorneys, due to their legal right and practical ability to obtain the materials. 7 Moore's Federal Practice (3d Ed. 2006), § 34.14[2][c]. *See also Poole v. Textron, Inc.*, 192 F.R.D. 494, 501 (D. Md. 2000) (holding that documents in possession, custody or control of a party's attorney or former attorney are within party's control). "A party may be ordered to produce documents where that party has the legal right to obtain the documents, even though that party retains no copy, and regardless of whether the documents are beyond the jurisdiction of the court." *Biben v. Carde*, 119 F.R.D. 421, 425 (W.D. Mo. 1987). In sum, there is no question that News America has "control" of the FGI Trial Exhibits

II. INSIGNIA IS ENTITLED TO PRODUCTION OF THE FGI SETTLEMENT AGREEMENT

News America settled with FGI during trial, and two days later announced it would acquire FGI's in-store contracts and other assets. (Wood Decl. Exh. C; Exh. O, March 12, 2009 BNET article, "News America Marketing Group Buys Floorgraphics

Just Hours After Settling Spying Lawsuit.”) As such, the FGI Settlement Agreement and any documents concerning the acquisition of FGI’s assets are responsive to several of Insignia’s document requests to News America.⁸ Under the governing law and given the similarities between the two cases, the FGI Settlement Agreement should be produced to Insignia.

The Settlement Agreement between FGI and News America is relevant.

First, available press releases state that News America entered into an agreement to purchase FGI’s “network of in-store contracts and other assets”, which News America touted as an expansion of “News America Marketing’s network of at-shelf, floor and cart advertising and in-store promotion products to 50,000 stores in the United States.”

(Wood Decl. Exh. O.) By acquiring FGI’s retailer network, News America has effectively eliminated the only other provider of in-store at-shelf advertising and promotions products and services, aside from Insignia. Evidence of this fact alone – the

⁸ (See Wood Decl. Exh. P, Plaintiff Insignia Systems, Inc.’s First Set of Document Requests to News America Marketing In-Store, Inc., dated January 17, 2007, at Request No. 5 (“All agreements and all documents that relate to any agreements with any retailer or its employees or agents relating to in-store advertising and promotion products and services, still in effect in the United States or that have been in effect in the United States at any time during the relevant time period”); Request No. 17 (“All documents relating to the marketing or advertising of in-store advertising and promotion products and services”). See also Wood Decl. Exh. Q, Plaintiff Insignia Systems Inc.’s Fourth Set of Document Requests to News America Marketing In-Store, Inc., dated August 31, 2007, at Request No. 1 (“All documents concerning any meetings regarding any actual, proposed, or contemplated transaction or business relationship between Insignia and the retailers listed below” [listing 13 retailers]); Request No. 2 (same request, except with regard to consumer packaged goods competitors); Request No. 5 (“All documents concerning any possible or actual proposal by News America to do business with another provider of any in-store marketing service or product.”); Request No. 21 (“All documents concerning the market share of any provider of in-store advertising or promotional products other than Insignia or News America (including but not limited to Catalina, Floorgraphics, and Valassis”))

demise of a competitor at the hands of a monopolist – makes the settlement agreement highly relevant.

Beyond this, the document is likely to be relevant for other reasons, depending on its terms. Insignia anticipates that the document may contain provisions precluding the founders of FGI from participating in a competing business for some period of time. In addition, Insignia anticipates the possibility that there is a provision in the settlement agreement precluding the founders of FGI, or any of its employees, from volunteering to assist Insignia or any other company that is involved in litigation with News America. These provisions could also evidence an attempt to limit competition, or preclude discovery of facts supporting Insignia's claims. As this Court has held, "[w]hile parties have the freedom to contract, courts must carefully police the circumstances under which legitimate areas of public concern are concealed." *Wendt v. Walden Univ.*, No. CIV 4-95-467, 1996 WL 84668, at *2 (D. Minn. Jan. 16, 1996) (allowing deposition concerning "confidential settlement agreements," and holding that "Defendants should not be able to buy the silence of witnesses with a settlement agreement where the facts of one controversy are relevant to another.").

Insignia has alleged all along that News America's anti-competitive strategy was to first try to acquire Insignia, and then, failing that, to embark on a campaign to destroy Insignia. (Insignia's Am. Compl. ¶¶ 2, 18, 26.) The cost, details and scope of News America's acquisition of FGI relate to the determination of the market, and News America's dominance of that market. The presence of any non-

compete or non-cooperation clause governing FGI's principals or agents could be probative of News America's efforts to insure that it maintains market advantage.

Courts have readily allowed discovery of settlement agreements in cases where the settlement agreement resolves an action involving the same or similar claims. In *Conopco, Inc. v. Wein*, No. 05 CIV. 9899, 2007 WL 1040676 (S.D.N.Y. April 4, 2007), the court denied a motion to quash plaintiff's subpoena, seeking production of a settlement agreement, directed to a law firm that had represented Roche, an entity that sued the defendant Wein in a separate action, largely due to the similarity of the two actions:

The litigation with Roche, and its resolution, are clearly relevant to this action. As discussed, Plaintiff contends that Defendants perpetrated an elaborate scheme of fraud against Plaintiff and numerous other companies, and the allegations asserted against Defendants in the Roche complaint are virtually identical to those asserted in this action. It is premature to conclude at this point that the settlement agreement cannot be used for any purpose at trial. . . In any event, even if the settlement agreement is ultimately inadmissible, the disclosure of the terms of the settlement agreement could certainly lead to the discovery of admissible evidence.

Id. at *5. See also *Camdus Comms. Corp. v. Goldman*, Civil Action No. 3:05CV257, 2006 WL 3359491, at *3 (W.D. N.C. Nov. 17, 2006) (granting motion to compel production of a settlement agreement "because the issues in the cases are so similar. . . it is reasonable to expect that the Settlement Agreement may address information relevant to this action.").

Finally, Insignia's request is timely, and is not overbroad or unduly burdensome. While discovery has closed, News America has an obligation to supplement its production of documents responsive to Insignia's requests under Rule 26(e); indeed, the settlement of the FGI Action in March, 2009, occurred after the close of discovery in this case. *See Johnson Matthey, Inc. v. Research Corp.*, No. 01-CV-8115 MBM FM, 2003 WL 21436087 at *2 (S.D.N.Y. June 16, 2003) (ordering production of settlement agreement in similar action one year after close of discovery, as agreement was relevant to subject matter of action and was responsive to document requests.). If News America has concerns about the confidentiality of the FGI Settlement Agreement, it can seek protection under the protective order issued by this Court. *See Board of Trustees of the Leland Stanford Junior Univ. v. Tyco Int'l*, 253 F.R.D. 521, 523 (C.D. Cal. 2008) (granting motion to compel settlement agreement and holding that confidentiality did not shield agreement from discovery, "especially . . . where 'there is a Confidentiality Order in place . . . that is more than adequate to protect . . . proprietary information from misuse.'"). Given the dwindling number of competitors in the at-shelf in-store advertising and promotions market, and Insignia's antitrust and anticompetitive claims against News America, the FGI Settlement Agreement (and any related materials concerning News America's acquisition of FGI) is highly relevant and responsive to Insignia's discovery requests, and, as such, must be produced.

CONCLUSION

Based on the foregoing facts and argument, Insignia respectfully requests that this Court grant its Motion to Compel in its entirety, and award fees and costs incurred in connection with the presentation of this motion.

Respectfully submitted,

Dated: December 8, 2009

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