UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL

Case No. 8:19-cv-00541-JVS-KESx Date: February 23, 2021

Title: SGII, INC. v. SIARA MARTIN, et al.

PRESENT:

THE HONORABLE KAREN E. SCOTT, U.S. MAGISTRATE JUDGE

Jazmin Dorado	Not Present
Courtroom Clerk	Court Reporter
ATTORNEYS PRESENT FOR PLAINTIFF: None Present	ATTORNEYS PRESENT FOR DEFENDANT: None Present

PROCEEDINGS (IN CHAMBERS): ***TENTATIVE*** **Order GRANTING Counterclaimants' Motion to Compel Document Production (Dkt. 62)**

Plaintiff SGII, Inc., D/B/A SeneGence International, Inc. ("Plaintiff" or "SGII") develops, manufactures, and markets beauty products, including cosmetics. Defendant Siara Martin used to be an authorized distributor of SGII's products. While a distributor, Ms. Martin took photographs of SGII products that she published on social media to promote sales. She also allowed others to purchase some of her photographs. In 2018, Ms. Martin ended her distributorship agreement and starting her own company, Defendant Siara Martin, LLC ("SM LLC").

Plaintiff filed this suit alleging that Defendants have continued to publish and otherwise misuse photographs depicting Plaintiff's trademarks and trade dress. Defendants/ Counterclaimants countersued, alleging among other things that Plaintiff is infringing their copyrights by using Ms. Martin's photographs without permission.

On February 18, 2021, Counterclaimants filed a motion to compel SGII to produce documents in response to six Requests for Production ("RFPs"): nos. 69-75. Counterclaimants also seek $5,370 in fees under Fed. R. Civ. P. 37(a)(5)(A). (Dkt. 64 at 24.)

For the reasons stated below, the Court **GRANTS** Counterclaimants' motion and orders that within fourteen (14) days from the date of this order, SGII shall (1) serve amended written

responses to the disputed RFPs, (2) produce all responsive documents, and (3) pay Defendants [$5,000] as the reasonable cost incurred to bring this successful discovery motion.

I. The Instant Discovery Dispute.

In the operative Third Amended Counterclaim ("TACC" at Dkt. 60), Counterclaimants allege that at "SeneGence's annual seminar on or around April 12 or 13, 2019, SeneGence used, on its big screen no less than **nine** of Martin's original photographs in their presentations and promotions during the event, which caters to all distributors." (TACC ¶ 50.) Counterclaimants further allege that, "On July 5, 6, and 7, 2019, in a training done for New Zealand and Australian distributors in an officially approved and sponsored training organized by SeneGence corporate, yet another photograph of Defendants' was used. Not only was the photograph used in training, but Kyrya Clancy, the Customer Service Manager at SeneGence International shared the presentation via Facebook Live, again distributing the photograph." (Id. ¶ 55.)

The disputed RFPs generally seek documentation of the content of SGII's (1) 2019 annual seminar, (2) 2020 annual seminar (which was presented entirely online due to COVID-19), and (3) social media posts between June 1, 2018, and November 30, 2020 to learn the full scope of SGII's use of Ms. Martin's photographs, including after SGII filed this lawsuit. (Dkt. 64 at 12-13 [listing RFPs].) SGII responded to each RFP by objecting that they (1) sought irrelevant documents and (2) imposed a burden on SGII disproportional to the needs of the case. (Id.) SGII produced some PowerPoint presentations from the 2019 Seminar and other materials selected by SGII. (Id. at 8, 11.)

II. Scope of Discovery.

Under Federal Rule of Civil Procedure 26(b), parties "may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties' relative access to relevant information, the parties' resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit." A court "must limit the frequency or extent of discovery otherwise allowed" if "(i) the discovery sought is unreasonably cumulative or duplicative, or can be obtained from some other source that is more convenient, less burdensome, or less expensive; (ii) the party seeking discovery has had ample opportunity to obtain the information by discovery in the action; or (iii) the proposed discovery is outside the scope permitted by Rule 26(b)(1)." Fed. R. Civ. P. 26(b)(2)(C).

III. Relevance.

Counterclaimants argue that the documents sought are relevant to their claims (including copyright infringement and unjust enrichment) because they will show the extent to which SGII used Ms. Martin's photographs without permission. They will also show the context and nature

of the use. Based on deposition testimony by SGII's Rule 30(b)(6) witness, there is a dispute over whether SGII altered the photographs before displaying them. There is also a dispute over the size and quality of the images displayed. Discovery of the original content of the seminars and social media posts would inform those disputes. (Id. at 9.)

SGII claims that it has already produced the portions of the video displayed at the 2019 Seminar that included Ms. Martin's photographs as alleged in the TACC, and that Counterclaimants' request to review additional video content to look for more infringement is just a "classic fishing expedition." (Id. at 11.) The Court disagrees. A discovery "fishing expedition" involves demanding documents to review for evidence of wrongdoing when there is no good reason to suspect that they contain such evidence. Here, Counterclaimants already have nine examples of the alleged wrongdoing.[1] This justifies looking for more to learn the full scope. Counterclaimants are not obligated to accept SGII's review and representations about the content of the other video footage not yet produced, which may be erroneous even if done in good faith.[2]

IV. Burden.

A. The 2020 Seminar.

SGII has failed to demonstrate a burden that would render these materials undiscoverable given their direct relevance. SGII complains that it would have to "gather and review and enormous amount of information" to produce this seminar content, but has failed to demonstrate how this burden outweighs Counterclaimants' interests. Because the 2020 Seminar was presented virtually, its content is already gathered into electronic files that can be saved to a hard drive. SGII has already identified all the relevant video files. (Id. at 12; Dkt. 64-3 ¶ 6 ["SeneGence was able to locate the video take of all of Seminar 2019 and Seminar 2020."].) The volume of documents or their file size alone does not establish a discovery burden when the documents are already located and segregated. Lawyers would not need to review this kind of training seminar content for privileged communications.

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[1] In their motion to compel, Counterclaimants also allege that "the CEO of the company, Joni Rogers-Kante just infringed upon approximately 100 of Counterclaim Plaintiffs' photographs just last month" by posting them to Facebook. (Dkt. 64 at 20-21.) This is further reason to think that reviewing the requested documents could yield additional evidence in support of Counterclaimants' claims.

[2] It is possible that others may not be able to identify Ms. Martin's photographs as well as Ms. Martin can. An SGII employee declares that she did not recognize any of the "blurry" photographs sent to her by Ms. Martin as having been used in the 2019 seminar, but upon further review she agreed that the images sent by Ms. Martin had been part of a video used in the seminar. (Dkt. 64-3 ¶¶ 3, 8-9.)

B. The 2019 Seminar.

SGII states that "the video files of Seminar 2019 contain approximately 78 hours of footage …." (Dkt. 64 at 12.) Thus, SGII has already located the requested video files. Again, the burden of copying them onto a hard drive for production is not so great a burden as to render these materials undiscoverable given their direct relevance. Regarding other types of files (like presentation slide decks or outlines/handouts for participants), Counterclaimants assert that they have a "schedule for the Seminar 2019 from a mobile application and a handout of the Seminar 2020 schedule" which list "numerous trainings" for which no documents have yet been produced. (Id. at 8-9.) SGII has failed to make any argument as to why locating and reviewing such documents to determine if they are responsive (e.g., if they are "text only" documents or have photographic content) would present a burden disproportionate to the needs of the case. To the extent that PowerPoint presentations already produced are the only such materials with photographs, then SGII can amend its written responses to so state.

C. Social Media Posts.

SGII states that "SeneGence maintains active social media accounts on Facebook, Instagram, LinkedIn, Pinterest and Twitter, totaling more than 3,000 posts during the period requested by Counterclaimants." (Id. at 12.) Again, it appears that SGII has an archive of these posts, because it can count them. These are all public posts, not potentially privileged communications.

SGII asserts that it has "already produced copies of photographs displayed on social media by Ms. Rogers-Kante." (Id. at 11.) It has also produced "Instagram Stories sent out by third parties on SeneGence's Instagram page during Seminar 2019." (Id.) SGII, however, fails to describe with specificity any burden that would be created by producing the same 211 Instagram stories it reviewed, if they are all responsive to the RFPs. (Dkt. 64-3 at ¶ 8-10 [describing review performed by member of SeneGence team].) SGII fails to describe how its posts on Twitter or Pinterest, for example, are saved or archived, and what effort would be required to download its 3,000 public posts onto a hard drive. As the party resisting discovery, it is SGII's burden to demonstrate that the burden of producing responsive documents is disproportionate to the needs of the case. See Louisiana Pac. Corp. v. Money Mkt. 1 Institutional Inv. Dealer, 285 F.R.D. 481, 485 (N.D. Cal. 2012) ("The party seeking to compel discovery has the burden of establishing that its request satisfies the relevancy requirements of Rule 26(b)(1). . . . In turn, the party opposing discovery has the burden of showing that discovery should not be allowed, and also has the burden of clarifying, explaining and supporting its objections with competent evidence."). SGII has failed to carry this burden with regard to its social media posts.

D. Fees.

Rule 37(a)(5)(A) provides:

> If the motion [to compel] is granted--or if the disclosure or requested discovery is provided after the motion was filed--the court must, after giving an opportunity to be heard, require the party or deponent whose conduct necessitated the motion, the party or attorney advising that conduct, or both to pay the movant's reasonable expenses incurred in making the motion, including attorney's fees. But the court must not order this payment if:
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> (i) the movant filed the motion before attempting in good faith to obtain the disclosure or discovery without court action;
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> (ii) the opposing party's nondisclosure, response, or objection was substantially justified; or
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> (iii) other circumstances make an award of expenses unjust.

The Court finds that SGII did not act with substantial justification in failing to disclose the discovery subject to this motion. The Court notes that Counterclaimants have stated that they will supplement their fee request with supporting evidence. The amount requested by Counterclaimants appears in line with what the Court would expect given the complexity of the issues and length of the briefs submitted. Of course, if the parties are able to resolve their dispute without the need to file supplemental briefing or attend the telephonic hearing, then Counterclaimants could submit a declaration substantiating the fees they have already incurred.