

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

BARBOUR RACING)
INTERNATIONAL, LLC, and)
DICK BARBOUR,)

Plaintiffs,)

vs.)

EXOTO, INC.,)

Defendant.)

CIVIL ACTION

FILE NO. 1:10-CV-2825-CAP

**FIRST REPORT AND RECOMMENDATION RELATING TO
PLAINTIFFS’ MOTION TO COMPEL AND FOR SANCTIONS**

I. Background

Plaintiffs Dick Barbour and Barbour Racing International bring this action asserting claims of trademark infringement under the Lanham Act, false designation of origin, and related state law claims for deceptive trade practices, and invasion of privacy/right of publicity arising out of Exoto’s unauthorized use of “Barbour Racing” and Mr. Barbour’s personal name on die-cast model racecars sold by throughout the United States and worldwide. [Doc. 1, Complaint]. For purposes of this Report, the “Barbour name” includes any of “Dick Barbour Racing,” “Barbour Racing,” “Dick Barbour,” and/or “Barbour.”

Currently pending is a motion to compel and for sanctions filed by the Plaintiffs [Doc. No. 30, henceforth referred to as the “Motion to Compel” or the “Motion”].

II. The Discovery Disputes

On July 28, 2011, Plaintiffs sent Exoto interrogatories, requests for the production of documents, and requests for admissions. Exoto served its responses on August 26, 2011. After reviewing Exoto’s responses, including the thirteen (13) pages of documents produced by Exoto, Plaintiffs’ counsel conferred personally by phone with Exoto’s counsel on September 1, 2011 in an effort to resolve this dispute over the adequacy of the production.

Plaintiffs’ counsel followed up its phone call to Exoto’s counsel with an email, detailing the specific deficiencies in Exoto’s production of documents. Exoto’s counsel then produced an additional five (5) pages of documents. These documents appear to have been redacted.

Plaintiffs’ counsel made a final attempt to resolve the discovery dispute prior to filing a motion to compel with a letter to Exoto’s counsel on September 8, 2011. The Plaintiffs filed the Motion to Compel on September 12, 2011.

Exoto claims that it had “no meaningful notice” of the dispute or “ability to comply.” (Exoto Response, p. 4). Exoto later admits, however, that it received

just that, stating “the parties have worked to identify additional responsive documents for production which will be produced by Defendant.” (*Id.* at p. 11). This is consistent with the certificate of Plaintiffs’ counsel and corroborating correspondence, showing the he communicated about the substance of his clients’ issues in advance of filing the instant motion to compel.

According to Exoto, Plaintiffs waited until the last conceivable day to serve the discovery requests at issue, thereby creating an impossibly narrow window for both discussion of objections, narrowing of requests and provision of documents and other information responsive to the discovery requests at issue. Furthermore, upon conference with the Plaintiffs’ counsel in early September, Exoto produced a handful of additional documents and claimed that it was amenable to further production over time.

The briefing in this matter closed in October. Pursuant to this Court’s Order of Appointment dated November 4, 2011, the undersigned was appointed Special Master “for the purpose of managing and supervising discovery and resolving discovery disputes now pending[] and those that arise throughout the discovery period, which the Special Master shall have the authority to reopen on terms he deems appropriate.” [Doc. 39, Order at 1-2.]

Exoto supplemented its answers to interrogatories and produced additional documents (Transcript, Exhibits 1-2) on December 6, 2011. On December 7, 2011, the Special Master conducted a hearing relating to the pending Motion to Compel. The hearing transcript is filed herewith. Plaintiffs' counsel pointed out that there is no reason why this information could not have been provided in discovery in August, four months earlier. Its failure to timely produce this information is bad faith, according to Plaintiffs' counsel. (Tr. at 20).

At the hearing, counsel for Exoto was asked why Exoto waited so long (the day before the hearing) to provide additional information in response to the discovery requests given the pendency of the motion to compel. (Tr. at 50). The response focused on the timeliness of Exoto's August-September productions, not the reason for the delay of any supplementation provided in December. (Tr. at 50-51). At the hearing, counsel for Exoto was also asked why Exoto employed various date restrictions on its supplemental production of additional financial information (*i.e.*, data up through but ending August 31, 2011) rather than providing up-to-date information. Exoto's counsel did not have an explanation for Exoto's choice of date restriction. (Tr. at 51-52).

III. Timeliness of the Pending Motions

The discovery period closed on August 29, 2011. Exoto argues that Plaintiffs failed to comply with the requirements of Local Rule 37.1(b) in the filing

of their motion to compel. (*See* Exoto Response at 4-5). LR 37.1(b) provides that “Unless otherwise ordered by the court, a motion to compel ... must be filed within the time remaining prior to the close of discovery or, if longer, within fourteen (14) days after service of the ... discovery response upon which the objection is based.”

The instant motions were filed on September 12, 2011, seventeen days after August 26, 2011, and fourteen days after August 29, 2011. Because Exoto’s certificates of service for all of its discovery responses are dated August 26, 2011, Exoto reasons that these motions were not timely filed within fourteen (14) days “after service” of the discovery responses.

The problem with Exoto’s argument is that its service was by a method listed in Fed. R. Civ. P. 5(b). Therefore, 3 additional days are automatically added to the date calculation. “When a party may or must act within a specified time after service and service is made under Rule 5(b)(2)(C), (D), (E), or (F), 3 days are added after the period would otherwise expire under Rule 6(a).” Fed. R. Civ. P. 6(d) (emphasis added).¹ By its express terms, Rule 6 expressly extends the time for filing a motion to compel under LR 37.1(b) to August 29, 2011. August 29 is the date upon which the instant motions were filed. Thus, these motions were timely.

¹ Neither side has submitted any case law addressed to the calculation of time for L.R. 37.1, and the Special Master is unaware of any. (Tr. at 38).

IV. Motion to Compel – Requests for Admissions

Requests for admission are used to establish admission of facts about which there is no real dispute. Written statements of facts concerning the case are submitted to an adverse party, which that party is required to admit or deny. Statements that are admitted are then treated by the court as having been established and need not be proved at trial. *See* Fed. R. Civ. P. 36.

Plaintiff has moved to compel admissions and otherwise challenge the sufficiency of responses with respect to Requests for Admissions Nos. 1-10, 12-13, 15, 17, 19-23, 25-49, 54-55. To each of these requests, Exoto responds with virtually the same objections, as explained in greater detail below.

A. Objections

First, Exoto responded to these requests on the basis that they are compound or contains subparts. *See, e.g.*, Response to Request for Admission No. 1 at 6. Presumably, this objection emanates from the text of Fed. R. Civ. P 36(a)(2), which provides that “[e]ach matter must be separately stated.” In this case, the Requests for Admission are hardly complicated. (None are subpart requests.) For example, Request No. 1 states “Admit that Defendant manufactures and sells die-cast model racecars under the name ‘Dick Barbour Racing’ and Dick Barbour’s personal name.” (Ex. D to Pltf. Motion). Rather than objecting to this relatively

straightforward request and others like it, Exoto should “aid the quest for relevant information [and] not seek to evade disclosure by quibbling and objection. [Exoto] should admit to the fullest extent possible, and explain in detail why other portions of a request may not be admitted.” *Marchand v. Mercy Medical Ctr.*, 22 F.3d 933, 938 (9th Cir. 1994). Thus, the objection should be overruled. *See Akins v. State Farm Mut. Auto. Ins. Co.*, 2011 U.S. Dist. LEXIS 82806, *6-7, n.1 (E.D. Mich. 2011) (overruling similar objection); *Hunt v. Fields*, 2011 U.S. Dist. LEXIS 76418, *20 (E.D. Cal. 2011) (same).

Second, Exoto objects that the subject matter of the requests is not relevant to the issues in the case. *See, e.g.*, Response to Request for Admission No. 1 at 6. Having reviewed the requests, this objection is misplaced. The requests pertain to questions of liability and damages at the heart of this matter. Thus, the objection should be overruled.

Third, Exoto objects that certain of the requests are unduly burdensome, overly broad and harassing. *See, e.g.*, Response to Request for Admission No. 1 at 6. Having reviewed the requests, this objection is also misplaced, as these requests seek admissions which would narrow the scope of factual issues and legal questions to be resolved at trial, and therefore are consistent with the purpose of Rule 36. *See Perez v. Miami-Dade Co.*, 297 F.3d 1255, 1267 (11th Cir. 2002);

Interland Inc. v. Bunting, 2005 U.S. Dist. LEXIS 36112, *27-28 (N.D. Ga. 2005).

For this reason, the objection should be overruled.

Finally, Exoto objects that inclusion of terms “Barbour Trademark,” “Barbour Racing,” and/or “Dick Barbour Racing” in Request Nos. 4-10, 13, 15, 17, 19, 22, 27-28, 31-32, 34-39, 45-46, and 54-55 render the requests “vague” and “unintelligible.” According to Exoto, without further explanation, it “cannot reasonably provide an intelligent reply to [these responses].” *See, e.g.*, Response to Request for Admission No. 4 at 8. However, this general objection is not persuasive, and the Defendant has made no effort to explain it in the context of any of the specific requests at issue. *See Huff v. Huff*, 2006U.S. Dist. LEXIS 57090, at *2 (N.D. Ga. 2006) (party resisting discovery request has the burden to show why the request is improper, and how the general objection specifically applies to the discovery request). Elsewhere, Defendants have answered interrogatories using the same or similar terminology as the language objected to here. (Tr. Ex. 2). In its response brief, Exoto did not explain how the failure to define the foregoing terms in any way compromised its ability to admit any specific request, either in whole or in part. *See* Exoto Response at 12-13. For these reasons, the objection should be overruled.

B. Sufficiency of Exoto’s Denials

Each of the requests at issue in this case includes the statement by Exoto that “[w]ithout waiving the foregoing objections, Responding Party responds: Denied.” See, e.g., Response to Request for Admission No. 1 at 4. The Special Master is unaware of any authority ordering a party to change a substantive denial to an admission. Therefore, the denials by Exoto are deemed to be sufficient responses for purposes of Rule 36.

Rule 36 permits a party to deny a request for admission in whole or in part:

If a matter is not admitted, the answer must specifically deny it or state in detail why the answering party cannot truthfully admit or deny it. A denial must fairly respond to the substance of the matter; and when good faith requires that a party qualify an answer or deny only a part of a matter, the answer must specify the part admitted and qualify or deny the rest. The answering party may assert lack of knowledge or information as a reason for failing to admit or deny only if the party states that it has made reasonable inquiry and that the information it knows or can readily obtain is insufficient to enable it to admit or deny.

Fed. R. Civ. P. 36(a)(4).

As indicated above, Exoto specifically denied each request. In opposing the motion to compel with respect to these admissions, Exoto ratified its denials without regard to any objections. “More to the point, however, and what plaintiffs fail to state, is that despite interposing an initial objection to each request, *Defendant has provided a specific [denial] to each and every Request for Admission* and has, thereby complied with its obligation under Rule 36.” Exoto

Resp. at 12-13 (emphasis in original). Thus, Exoto's position is that its denials are sufficient responses to the requests for admissions such that it cannot be compelled to change its response. While the Plaintiff may not agree with the denials in question, that does not provide a basis for compelling Exoto to change its denials to admissions.² Therefore, although the objections have been overruled, Exoto has nevertheless denied the requests and its denials are adequate responses. For this reason, Exoto should not have to respond further to Plaintiff's requests for admissions. (At the same time, at trial, Exoto should not be allowed to refer to any of its objections as the basis for any of its denials.)

V. Document Production

Plaintiffs' Motion to Compel seeks to compel the production of all documents responsive to Request Nos. 2-10, 12-15 and 17-33. Exoto interposed a stock set of objections to Plaintiffs' document requests, and produced only eighteen pages, largely consisting of partial accounting and financial reports relating to at least some of the product models at issue in the case. Exoto has now supplemented its production further (*see* Tr. Ex. 2), yet its production relating to

² In the event that the defendant denies a request for admission and the plaintiff proves the matter in question at trial, Fed. R. Civ. P. 37(c)(2) authorizes the Court to impose attorney's fees against the defendant. Thus, rather than order Exoto to change any of its substantive denials in this case, Rule 37 provides Plaintiffs with the opportunity to recover their attorneys' fees as to any matter which they can show was denied improvidently. For this reason, Exoto will no doubt consider whether to amend any of its responses to admit certain matters, either in whole or in part. (Tr. 33-36).

manner of usage, advertising and promotion of the relevant product models is bordering on nonexistent. In light of the relatively paltry production to date, it is more expedient to address the motion to compel documents by examining Exoto's oft-repeated objections to these document requests.

A. "Undue Burden"-Related Objections

First, Exoto objected to these requests based upon a supposed failure of the Plaintiffs to comply with the initial disclosure requirements of Fed. R. Civ. P. 26(a). At the hearing, counsel for Plaintiffs indicated that he had complied, and counsel for Exoto agreed to waive this objection. (Tr. at 67). Therefore, it is recommended that the Court disregard or overrule this objection. (*Id.*).

The next objection raised by Exoto to these requests is undue burden (*i.e.*, a given request is overbroad, unduly burdensome and harassing). At the hearing, counsel for Exoto described Exoto as a "small company" with all of its accounting and sales information easily accessible electronically. (Tr. at 68-69). Exoto's financial information is kept on Quickbooks. (Tr. 16). Quickbooks is a common software program used by small businesses to keep track of their financial information, including sales, customers and expenses. In addition, Exoto has fewer than a handful of employees whose files need to be reviewed for responsive documents, and it has not carried its burden of demonstrating that compliance with

these document production requests, subject to the caveats described herein, would subject it to any *undue* burden.

To illustrate the merit of the undue burden objection, Exoto pointed out that Request No. 13 is overbroad because it seeks “all documents” which bear on the validity (or lack thereof) of its asserted affirmative defenses. Of course, Fed. R. Civ. P. 26(a)(1)(A)(ii) imposes a duty upon each party to produce “a copy ... of *all* documents, electronically stored information, and tangible things that the disclosing party has in its possession, custody, or control and *may* use to support its claims or defenses.” The purpose of this rule, at least in part, is to protect the opposing party from unfair surprise at trial. Simply stated, the potential unfairness to Plaintiffs of withholding documents that bear on asserted defenses outweighs the inconvenience to Exoto in searching for and producing documents which bear on the legitimacy of those defenses. In this case, Exoto is not being asked to create documents; however, if it has responsive documents in its possession, it may not withhold them on the basis of an objection that the request at issue is unduly burdensome. To hold otherwise would undermine the “broad and liberal treatment” to which Rules 26 and 37 are entitled. *See Jones v. Colorcraft Corp.*, 1983 U.S. Dist. LEXIS 14888, at *1 (S.D. Ga. 1983). For these reasons, Exoto’s undue burden objections should be overruled.

B. Whether the Request Will Likely Lead to Admissible Evidence.

Exoto's next objection to these requests is based on the likelihood (or lack thereof) that the requested discovery will lead to the discovery of admissible evidence. At the hearing, Exoto's counsel clarified that this objection relates specifically to Request Nos. 18-22³, requesting among other things, documents relating to use of the Barbour name in *future* products, marketing or advertising (as opposed to documents evidencing plans to use that have come to fruition as of the date of production). (Tr. at 77-79).

The relevance of documents bearing on future intent to use or projections that have not come to fruition, is attenuated at best. Such documents are not probative of the use of the Barbour name, and in view of the issues presented in the case, are not likely to lead to the discovery of admissible evidence.

Plaintiff responds that discovery directed to projected future use bears on the willfulness of trademark infringement. A trademark owner may obtain a finding of willful trademark infringement in cases where its actions arise from recklessness or gross negligence. *See, e.g., N.A.S. Import, Corp. v. Chenson Enters., Inc.*, 968 F.2d 250, 252 (2d Cir. 1992) (an infringement may be willful if the defendant "had

³ The portion of Request No. 18 to which this analysis applies is "intended advertisement" and "intended item of promotional material." The relevant portion of Request No. 19 is similarly directed to product samples "intended to be used." Request No. 20 relates in relevant part to media advertisements "whether or not released or aired." Request No. 21 relates in relevant part to documents relating to "expected advertising and/or promotional expenditures." Request No. 22 relates in relevant part to amount of sales "actual and/or projected[".]"

knowledge that its actions constitute an infringement") (emphasis added). Thus, assuming the truth of Plaintiff's basic allegations of infringement, the focus of the willfulness inquiry is properly directed to the actual usage of the Barbour name, and whether the usage made was with knowledge, reckless or grossly negligent. For this reason, the Special Master is not persuaded that discovery directed to projected future use is likely to lead to the discovery of admissible evidence.

Next, the Plaintiff argues that discovery directed to projected future use is necessary to establish proof of irreparable harm necessary to support a request for permanent injunction. The movant for injunctive relief must show that it will suffer irreparable harm in the absence of an injunction. *See North American Medical Corp. v. Axiom Worldwide, Inc.*, 522 F.3d 1211, 1217 (11th Cir. 2008).

The Plaintiff has not shown any authority for the proposition that the likelihood of irreparable injury is demonstrated by projections of future usage or future sales. By virtue of this Report and Recommendation, the Plaintiff is entitled to evidence relating to Exoto's actual usage and actual sales from 2004 to date. In the face of this evidence of existing product models alleged to infringe and how such evidence can be used to show irreparable injury, the Special Master is not persuaded that discovery directed to projected future use or projected future sales is likely to lead to the discovery of admissible evidence.

As a result, this objection should be sustained only as to the narrow category of documents sought in Request Nos. 18-22 (described in greater detail in footnote 3 herein) relating to Exoto's contemplated *future* usage of the Barbour name, or other future projections.

C. Privacy and Confidentiality Objections

The next objections to these requests expressed by Exoto are based on its right of privacy as embodied in the California Constitution, or trade secrets and confidential business information. An example of the type of documentation which has to date been withheld from production on this ground is the licensing agreement between Porche and Exoto. (Tr. at 83). License agreements are typically requested in intellectual property disputes because they can frequently impact damages issues such as the calculation of a reasonable royalty to compensate the rights owner for unauthorized use of the intellectual property. Yet Exoto did not move for a protective order for this agreement or any other allegedly confidential business information as required by Rule 26(c). In any event, the protective order previously recommended and now adopted by the Court (Doc. No. 42-43) should obviate this objection and render it moot. (Tr. at 83-84). Therefore, the Court should overrule this objection and order the production of all documents responsive to the requests of the Plaintiffs, whether confidential or not.

D. Protective Order

As mentioned, Exoto has indicated that certain responsive information, including financial information, is being withheld on the basis of privacy and confidentiality considerations. After receiving the Defendants' responses to discovery in late August of 2011, Plaintiffs requested Exoto's counsel provide a form of protective order for consideration. (Tr. at 9). Although Rule 26(c)(1) requires the party opposing discovery to move for a protective order, and despite the protracted period of time between Exoto's responses to discovery in August 2011 and the date of this Report, Exoto never sought the entry of a protective order. The parties at the hearing agreed on the need for a protective order. (Tr. at 10). The Special Master therefore recommended that the Court enter a protective order and provided a proposed form of order. Each party's counsel reviewed and approved of the form of the protective order. The Court has now entered the protective order to alleviate Exoto's concerns relating to privacy or confidentiality.

E. The Specifics of Additional Financial Report Production

Exoto's financial reports which have been produced to date, including the supplemental productions, begin January 1, 2007. Plaintiff requested information starting January 1, 2001. Exoto explained that its start date on its financial reports was selected because of an assumed four-year statute of limitations governing the Plaintiffs' causes of action. (Tr. at 54).

Yet this explanation does not appear to be well-founded. The Complaint was filed September 7, 2010. (Doc. 1). Had Exoto based its document production based on such a limitations period, its reports would have started four years prior to that, on September 7, 2006. Moreover, there is no statute of limitations for causes of action based upon the trademark infringement brought pursuant to the Lanham Act. *See Kason Ind., Inc. v. Component Hardware Group, Inc.*, 120 F.3d 1199, 1203 (11th Cir. 1997) (“the Lanham Act does not contain a statute of limitations”). Furthermore, on a discovery motion such as this, it would be inappropriate for the Court to predetermine the applicability of a substantive affirmative defense and then use it as the basis to prevent a party from discovery to which it is otherwise entitled.

During the hearing, the parties stated that the alleged infringement in question began in 2004. (Tr. at 59). Therefore, as to the financial documentation produced to date by Exoto, Exoto should be ordered to produce reports identical in form to those already produced (presumably from Quickbooks), but Exoto shall use January 1, 2004 through the date of the report as the relevant dates for the reports in question.

Counsel for Exoto also agreed that as part of a forthcoming supplementation of financial information, Exoto would probably not have a problem with ensuring that all product models using the name “Barbour” alone or in combination with

other words, would be accounted for. (Tr. at 65). The Special Master agrees that this is a necessary step in light of the outstanding requests for production, and recommends that Exoto be ordered to verify that it has accounted for all relevant product models as part of its forthcoming supplemental production of financial documentation.

F. Production of a Privilege Log

No objections have been asserted based upon attorney-client privilege, and no privilege log has been produced. No indication was given at the hearing that any documents are being withheld on the basis of attorney-client privilege. If and to the extent that any documents which are responsive to any of the Plaintiffs' document requests are being withheld from production based on privilege, Exoto should provide a privilege log to Plaintiffs' counsel or else, privilege will be deemed waived. *See* Fed. R. Civ. P. 26(b)(5)(A).

G. Summary

In light of the foregoing, within thirty (30) days, with the exception of the objectionable portion of Request Nos. 18-22 as detailed in Section B above:

(1) as to Request Nos. 7, 9-10, 12-15, 17-20, 23-33, Exoto shall produce all requested documents and electronically stored information in its possession, custody or control, and taking the necessary steps to account for all relevant product models as described in Section E above;

(2) as to Requests 2-6, 8, 21 and 22, Exoto shall produce accounting and financial documentation sufficient to respond to these requests, and shall further supplement its pre-existing production of financial documentation (presumably drawn from Quickbooks) by producing new reports using an identical form as those previously produced, but revising the date parameters of the report to January 1, 2004 through the date the report is run, and taking the necessary steps to account for all relevant product models as described in Section E above; and

(3) Exoto shall produce written responses to the requests for production withdrawing the objections overruled herein, and certifying that all responsive non-privileged documents have been produced in the manner described in this Report.

At the same time production described above is made, Exoto shall provide a log identifying any documents withheld on the basis of privilege. The log shall identify in general terms the document, its author and any recipients and/or intended recipients, its subject matter, to provide sufficient description to permit Plaintiffs' counsel to evaluate the validity of the privilege claim.

VI. Interrogatories

Plaintiffs moved to compel answers to Interrogatory Nos. 3-7, 9-11, 13, 19-20 and 22. On the eve of the hearing, Exoto provided supplemental answers to Plaintiffs' interrogatories. (Tr. Ex. 1).

A. Objections

In response to the Plaintiffs' interrogatories, Exoto consistently raised the same set of objections. Thus, before proceeding to the individual interrogatories, many of these oft-repeated objections can be and should be overruled consistent with prior portions of this Report. In the context of a trademark and false designation of origin case such as this one, the questions posed here are not overly broad, unreasonably burdensome or harassing. Furthermore, as indicated above, the objection based on California's right of privacy or confidentiality of information is not a basis upon which to withhold responsive information from the Plaintiff in this case due to (a) Exoto's failure to carry its burden of moving for a protective order and (b) the existence of a judicial protective order in this case.

With respect to the objection to the phrase "Barbour Designation" in the interrogatories, it is not such confusing terminology as to justify the objection interposed by Exoto. Exoto's counsel at the hearing explained that the questions as posed could be answered in a way that did not concede the viability of the

Plaintiffs' causes of action. (Tr. at 92-93, 95-96). Indeed, a review of Exoto's supplemental answers to the interrogatories shows that Exoto has to some extent done just that. (Tr. Ex. 1).

Other objections, to the extent relevant to these recommendations, are addressed in the context of the specific interrogatories and answers thereto.

B. Further Supplementation of Exoto's Answers

With respect to Interrogatory No. 3, Exoto shall within thirty (30) days supplement its answer to provide any and all information of which it is aware relating to known uses in connection with any of Exoto's products or services of any of the words "Dick Barbour Racing," "Barbour Racing," "Dick Barbour," and "Barbour." This includes providing with specificity the identity of all of Exoto's models that reference the Barbour name.

With respect to Interrogatory No. 4, the parties at the hearing clarified the particular products developed by Exoto which used the Barber name. (Tr. at 97-99). The supplemental answer provided by Exoto the day before the hearing appears to be a complete answer, with the exception that Exoto yet to fully clarify which product models were purely conceptual (i.e., shown on the web site, but not sold). However, the updated and more complete financial documentation to be produced by Exoto should answer this question. Therefore, upon producing the

supplemental financial documentation as ordered herein, Exoto is to supplement its answer to Interrogatory No. 4 to clarify which product models using the Barbour name on them were sold versus which product models were purely conceptual. If the financial documentation answers this question in full, Exoto may incorporate its production of financial documents by reference to answer this question.

With respect to Interrogatory No. 5, the trademark and related claims at issue relate to use in commerce, not with anticipated or possible future uses. Thus, for the same reasons described in Section V.B. above relating to objections to production of certain documents evidencing a future intent to use or a projected use, Exoto's objections as they relate to requests for discovery of "expected" or "anticipated" future uses are sustained. However, the remaining objections are overruled for the reasons articulated above. To date, no records relating to advertisements, marketing materials, placement of orders, invoices or company offers to sell product models have been produced. Additional sales, advertisement and marketing records appear relevant to the issues at hand given the nature of the claims in suit. For example, aside from the relevance to damages issues and the duration of allegedly tortious activity, recent sales records or product advertising materials could reveal entry into a geographic market where Plaintiffs do business under the Barbour name.

- a. Therefore, for each model identified and for any other model that has ever borne any of the names “Dick Barbour Racing,” “Barbour Racing,” “Dick Barbour,” and “Barbour,” Defendant shall supplement its answer to provide the date of first use of any of the names “Dick Barbour Racing,” “Barbour Racing,” “Dick Barbour,” and “Barbour,” such as in any model product manufactured with any of the foregoing names, model product advertisement or company marketing materials with any of the foregoing names, or model product offers for sale, orders or invoices.

- b. For each model identified and for any other model that has ever borne any of the names “Dick Barbour Racing,” “Barbour Racing,” “Dick Barbour,” and “Barbour,” Defendant shall identify each state and country where each model product has been sold. Furthermore, for each model identified and for any other model that has ever borne any of the names “Dick Barbour Racing,” “Barbour Racing,” “Dick Barbour,” and “Barbour,” Defendant shall identify each state and country where each model product has been advertised.

- c. For each model identified and for any other model that has ever borne any of the names “Dick Barbour Racing,” “Barbour Racing,” “Dick Barbour,” and “Barbour,” Defendant shall produce all of its sales records, model product advertisements, company marketing materials showing any of the foregoing names, model product offers for sale, orders and invoices. This includes all such documents up through the current date, along with the continuing obligation to seasonably supplement with further production of said documents as the case proceeds.

With respect to Exoto’s objections to Interrogatory No. 6, they are sustained, but again, only to the extent the question requests information on *projected* sales. Otherwise, the objections are overruled for reasons already stated. Furthermore, for reasons already identified, the sales records produced to date are inadequate to respond fully to this Interrogatory. In light of the order compelling discovery of

financial documentation and compelling a complete answer to Interrogatory 5c above, it would be unnecessarily duplicative for the Defendant to have to state aggregate sales amounts. Thus, for each model identified and for any other model that has ever borne the Barbour name, Exoto shall within thirty (days) supplement its answer to state the dollar amount of annual advertising expenditures relating to the products which used “Barbour,” and describe with specificity the individual media through which such advertising took place, as well as any ad buys that are presently in place, and the dollar amount (actual and/or through ad buy commitments) of advertising through each such media.

With respect to Interrogatory No. 7, the objections are overruled for reasons already stated. Furthermore, for reasons already identified, the sales records produced to date are inadequate to respond fully to this Interrogatory. Defendant shall produce all of its Inventory Sales Reports or any other inventory lists or summaries for the period January 1, 2004 to the present, referencing Items RLG19100, RLG19104, RLG19104FLP, RLG19107, RLG19108, RLG19108FLP, and RLG18261, or any other model that has ever borne the Barbour name.

With respect to Interrogatory Nos. 9 and 10, requesting particular terms of Exoto licensing agreements, the production of the license agreements themselves, as ordered above, renders these questions moot. (Tr. at 104-105). Upon

production of the agreements, Exoto should amend its answer to incorporate the agreements by reference.

With respect to Interrogatory No. 11, Exoto's supplemental answer appears reasonably complete, except that for each product model at issue, Exoto shall within thirty (30) days supplement its answer to indicate whether to the best of its knowledge each model is supposed to be an exact replica of a car actually driven by Dick Barbour, or whether and to what extent any changes were made between the actual cars and the product models of the cars. (Tr. at 108-110). For any differences between product models and actual cars, Exoto shall further indicate each reason why Exoto opted not have the product model be an exact replica of the actual car driven by Barbour.

With respect to Interrogatory Nos. 13 and 22, consistent with the transcript of the hearing (Tr. at 110-116, 121-123), Exoto is to supplement its answer to further clarify whether any due diligence, search or investigation of the Barbour name's availability for use or for licensing, such as a search of the records of the United States Patent and Trademark Office, was conducted prior to the filing of this lawsuit. If any due diligence, searching or investigation was performed prior to the lawsuit, Exoto shall identify the date, the participants in the investigation and the results of any such investigation.

Exoto's supplemental response to Interrogatory No. 19 is sufficient. (Tr. at 116-117). Thus, there is no need for further action with respect to this question and answer.

With respect to Interrogatory No. 20, the answer is deficient and needs to be supplemented. However, in view of the prior portion of this order compelling the production of all advertisements and other promotional materials, which would necessarily include advertisements and promotional activity on the Internet, print media, television and radio ads, Exoto may supplement by incorporating these materials by reference pursuant to Fed. R. Civ. P. 33(c) . (Tr. at 117-120).

The Special Master recommends that Exoto supplement its interrogatory answers consistent with the foregoing Report within thirty (30) days.

VII. Motion for Sanctions

The Special Master is concerned that the record and briefs in this case are underdeveloped as it relates to the potential imposition of any sanctions because neither the evidence nor the briefs could have taken into consideration the specific contents of this Report and Recommendation. There were also other issues relating to potential sanctions which came up during the hearing where the Special Master indicated concern that the record was not developed well enough to give proper consideration of the issue. Therefore, the Special Master is requesting supplemental briefs and supporting evidence in this case directed to (a) whether

any sanctions, attorney's fees, costs or otherwise, should be imposed given the contents of this Report and Recommendation; (b) the amount of any sanctions which should be imposed, if any; and (c) whether sanctions, if any, should be imposed against the Defendant, any defense counsel, or both. Evidence submitted should include evidence of the amount of any attorney's fees expended, if said fees are being requested as part of any sanctions order.

Once the Special Master has the additional briefs and evidence, a subsequent report and recommendation will be forthcoming addressing any potential sanctions, and the amounts of such sanctions, if any.

The Special Master will conduct a status conference with all counsel to determine an acceptable briefing schedule relating to these issues.

VIII. Summary of Recommendations

In conclusion, the Special Master recommends that the Motion to Compel be admitted in part and denied in part. More particularly, the Special Master recommends that the Court:

- (1) Overrule Exoto's objections to the Requests for Admissions;
- (2) Deny Plaintiffs' motion to compel Exoto to change any of its denials to admissions in response to the Requests for Admissions;

- (3) Sustain Exoto's objection to that portion of Request Nos. 18-22 directed merely to intended use of the Barbour name, or future projections relating to anticipated use of the Barbour name;
- (4) Overrule Exoto's remaining objections to the Requests for Production of Documents;
- (5) Grant the Motion to Compel as to Request for Production Nos. 7, 9-10, 12-15, 17-20, and 23-33, and order Exoto to produce all responsive documents and electronically stored information in its possession, custody or control within thirty (30) days;
- (6) Order Exoto to take the necessary steps to account for all relevant product models (by number or by detailed product description) in connection with the documents it produces;
- (7) Grant the Motion to Compel as to Request for Production Nos. 2-6, 8, 21 and 22, including ordering Exoto to produce accounting and financial documentation sufficient to respond fully to these requests within thirty (30) days;
- (8) Order Exoto to supplement its pre-existing production and subsequent supplementation of financial documentation by producing new reports within thirty (30) days using an identical form as those previously produced, but revising the date parameters of the report to January 1,

2004 through the date the report is run, taking the necessary steps to account for all relevant product models; and

- (9) Order Exoto to produce within thirty (30) days amended written responses to the requests for production withdrawing the objections overruled herein, and certifying that all responsive non-privileged documents have been produced in the manner described in this Report;
- (10) Order Exoto to provide a log identifying any documents withheld on the basis of privilege. The log shall identify in general terms the document, its author and any recipients and/or intended recipients, its subject matter, to provide sufficient description to permit Plaintiffs' counsel to evaluate the validity of the privilege claim;
- (11) Sustain Exoto's objections to Interrogatory Nos. 5-6 as to requests for information relating to intended rather than actual usage of the Barbour name and projected rather than actual sales and expenditures;
- (12) Overrule Exoto's remaining objections to Interrogatory Nos. 3-7, 9-11, 13, 19-20 and 22;
- (13) Grant the Motion to Compel and require Exoto to provide supplemental answers to Interrogatory Nos. 3-7, 9-11, 13, 20 and 22 within thirty (30) days, in the manner provided in Section VI.B. of this Report.

Respectfully submitted,

s/Steven G. Hill

Special Master

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Certificate of Service

I have served all counsel of record by filing this foregoing Report and Recommendation with the Court's electronic filing system, which automatically forwards a copy to all counsel.

s/Steven G. Hill