

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF KENTUCKY  
LOUISVILLE DIVISION  
CASE NO. 3:19-CV-00014-GNS-LLK

MAKER'S MARK DISTILLER, INC.

PLAINTIFF

v.

SPALDING GROUP, INC., *et al.*

DEFENDANTS

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**ORDER**

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Senior Judge Joseph H. McKinley, Jr., referred this matter to Magistrate Judge Lanny King for resolution of non-dispositive matters. [DN 3]. This case was reassigned to Judge Justin R. Walker. [DN 41]. Judge Justin R. Walker recused from this matter and it was reassigned to Senior Judge Joseph H. McKinley, Jr. [DN 47]. This matter was then reassigned to Chief Judge Greg N. Stivers. [DN 48].

This matter is currently before the Court on Plaintiff Maker's Mark Distillery, Inc.'s, ("Maker's Mark"), Motion for Protective Order, [DN 73], and Motion to Compel, [DN 74]. On December 11, 2020, Defendant Spalding Group, Inc., ("Spalding"), filed its response to both. [DN 75, 76]. On December 16, 2020, Maker's Mark filed their replies. [DN 77, 78]. Having received the parties briefing on these issues, the motion is now fully briefed and ripe for adjudication

For the reasons set forth herein, the Motion for Protective Order, [DN 73], is **GRANTED**, and the Motion to Compel, [DN 74], is **GRANTED IN PART AND DENIED IN PART**.

**RELEVANT BACKGROUND**

On May 1, 1997, Maker's Mark entered into a Licensing Agreement with Spalding. [DN 1]. The Licensing Agreement granted Spalding an exclusive license to use the trademarks of Maker's Mark in connection with the creation and sale of cigars seasoned with Maker's Mark

bourbon (the “Licensed Cigars”). *Id.* The license agreement was renewed, as amended in 2003 and again in 2010. *Id.*

On December 4, 2013, Maker’s Mark notified Spalding that it was terminating the license under the terms of the 2010 Agreement effective December 31, 2015. *Id.* Spalding then had until June 28, 2016, to dispose of its remaining inventory of the Licensed Cigars. *Id.* Following the termination of the license, Spalding began to sell a different cigar, also seasoned with Maker’s Mark bourbon (the “Bourbon Cigar”), the packaging of which Maker’s Mark alleges was intentionally designed to “evoke an association by customers between [t]he Bourbon Cigar on the one hand and Maker’s Mark and the prior Licensed Cigars on the other.” *Id.* Maker’s Mark further claims that Spalding Group advertised the Bourbon Cigar in a variety of ways to associate it with Maker’s Mark and the Licensed Cigars, despite Maker’s Mark demand that Spalding cease and desist from such conduct. *Id.* Maker’s Mark asserts that Spalding’s actions have “caused actual confusion” among retailers, wholesale purchasers, and consumers “as to the relationship between Maker’s Mark and [t]he Bourbon Cigar.” *Id.* Spalding contests whether any such consumer confusion has occurred. [DN 21].

Since then, the parties have proceeded with discovery, including depositions, interrogatories, and document production. On December 4, 2020, Maker’s Mark filed their Motion for Protective Order, [DN 73], and Motion to Compel, [DN 74]; arguing that (1) Makers Mark must implement a new search protocol and produce additional financial records, [DN 73], and (2) that Spalding should not be permitted to seek deposition testimony concerning functionality, [DN 74]. And on December 11, 2020, Spalding filed its response to both, arguing, first, that the relevant documents were produced and that those that were not were disproportional, [DN 75], and second, that the deposition testimony was discoverable due to the relevance of functionality, [DN 76].

## DISCUSSION

### **1. Spalding Is Precluded from Seeking Deposition Testimony Concerning Functionality**

Maker's Mark requests the Court enter "a Protective Order precluding Defendants Spalding . . . from seeking deposition testimony from Maker's Mark under Federal Rule of Civil Procedure 30(b) concerning "[t]he functionality of any Claimed Trade Dress." [DN 73]. Functionality doctrine precludes the protection of designs that are functional—thus, if Spalding were to prove that the 465' Registration was non-functional, that registration would no longer be protectable.

Generally, the party asserting trademark rights holds the burden of proving non-functionality of the alleged mark. *Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc.*, 280 F.3d 619, 641 (6th Cir. 2002) (citing 15 U.S.C. § 1125(a)(3)); *Burke-Parsons-Bowlby Corp. v. Appalachian Log Homes, Inc.*, 871 F.2d 590, 597 (6th Cir. 1989)). However, when a mark is registered, the registration creates a presumption that the designs were non-functional. 15 U.S.C. § 1115(a); *Fuji Kogyo Co. v. Pac. Bay Int'l, Inc.*, 461 F.3d 675, 683 (6th Cir. 2006); *Schwinn Bicycle Co. v. Murray Ohio Mfg. Co.*, 470 F.2d 975, 977 (6th Cir. 1972). So, "unless defendant can introduce evidence to rebut the presumption of the marks' validity, we will accept the conclusion of the agency which is entrusted with the duty of administering the Lanham Act, and which is undoubtedly expert in these matters." *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1190 (6th Cir. 1988).

Spalding asserts that "Maker's Mark indisputably asserts claims for unregistered trade dress infringement under § 1125(a) of the Lanham Act and Kentucky common law." [DN 76 at 6]. It should first be pointed out that, "[t]he protection against infringement provided by section 43(a) . . . extends as well, in certain circumstances, to the unregistered "trade dress" of an article. *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1238–39 (6th Cir. 1991) (citing *Allied Mktg. Group, Inc.*

*v. CDL Mktg., Inc.*, 878 F.2d 806, 812 (5th Cir.1989). These are such circumstances. However, Spalding does not argue that there are unregistered claims being insufficiently plead. Instead, Spalding asserts that they are entitled to discovery on the issue because *if* their counterclaim succeeds, and *if* the ‘465 mark is cancelled, then the claims for unregistered trade dress infringement become dispositive, Maker’s Mark loses their presumption, and must “prove its case [of non-functionality].” [DN 76 at 7].

However, it is not the case that the presumption of non-functionality would evaporate even if this Court were to cancel the ‘465 mark. As the burden rested with defendants, they could have preserved the argument by asserting an affirmative defense. But by failing to assert functionality, Defendants have waived their ability to challenge. *See ATSCO Holding Corp. v. Air Tool Serv. Co.*, 779 Fed. Appx. 310, 312 (6th Cir. 2019) (reversing dismissal based on application of affirmative defense that defendant waived under Rule 8(c)).<sup>1</sup> Rather than raising functionality, Spalding concedes they have not challenged, and do not plan to challenge, functionality: Spalding “does not dispute that the ‘465 Registration is incontestable and only subject to certain defenses and challenges to validity. . . . [,] does not dispute that Maker’s Mark is entitled to a presumption that the ‘465 Registration is non-functional and further does not dispute that it has not asserted an affirmative defense directed to the issue of functionality of the ‘465 Registration.” [DN 76 at 6].

Finally, Spalding asserts that “it would not be unduly burdensome” because “this topic would not likely take more than a few minutes[.]” [DN 76 at 8]. However, this unsupported view fails to consider either the preparation before, or production following opening the door for these “few minutes.” Where the sought information is irrelevant, any burden is too much.

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<sup>1</sup> As is the case here, in *ATSCO* the Defendant forwards the argument *after* the conclusion of the fact discovery deadline.

## **2. Spalding Shall Not Be Required to Conduct a New Search**

“[A]s a general rule, when a party fails to object timely to interrogatories, production requests, or other discovery efforts, objections thereto are waived.” *See, e.g., In re United States*, 864 F.2d 1153, 1156 (5th Cir.1989). Here, Maker’s Mark waited six months to bring this issue to the Defendant’s attention and nine months to bring this issue to the attention of the Court. [DN 70-1; 74-5]. Federal Courts have found more timely objections constituted waiver. *See, e.g., Ford Motor Co. v. Edgewood Properties, Inc.*, 257 F.R.D. 418, 426 (D.N.J. 2009) (denying a motion to compel where Plaintiff unreasonably waited eight months to alert the court of the alleged production deficiency); *Autotech Tech. Ltd. Partnership v. Automationdirect.com, Inc.*, 248 F.R.D. 556, 559 (N.D.Ill.2008) (“It seems a little late to ask for metadata after documents responsive to a request have been produced in both paper and electronic format”); Rule 33, Advisory Committee Notes (“untimely grounds for objections ordinarily are waived”). Thus, Maker’s Mark untimely objection constitutes waiver.

Even if it did not, the alleged deficiencies identified do not justify Defendant reconstituting their entire production.

Maker’s Mark argues that “Defendant’s chose to employ a flawed search process without making any attempt to meet and confer with Maker’s Mark beforehand, as required by Report of the Party’s Rule 26 Planning Meeting.” [DN 74-1 (citing DN 37)]. And for those reasons, Maker’s Mark requests the Court grant its Motion to Compel documents and have Spalding develop a new search protocol in conjunction with Maker’s Mark. [DN 74-1 at 25].

“Oftentimes during discovery, one party will claim that the production made by the other party is ‘so paltry that there must be more that has not been produced or that was destroyed.’” *Phoenix Process Equip. Co. v. Cap. Equip. & Trading Corp.*, 2021 WL 1062553, at \*4 (W.D. Ky.

Mar. 19, 2021) (quoting *Hubbard v. Potter*, 247 F.R.D. 27, 29 (D.D.C. 2008)). This is the essence of the dispute before the Court. And this Court has previously found that, absent credible evidence, the responding party's representation that there are no additional documents is sufficient to defeat a motion to compel. *Id.* (quoting *Snyder v. Fleetwood RV, Inc.*, 2016 WL 339972, at \*6 (S.D. Ohio Jan. 28, 2016)) ("Ordinarily the representation of the responding party's attorney that no additional documents exist 'is sufficient to defeat a motion to compel absent credible evidence that the representation is inaccurate.'"); *See also, Cogan Imports, Inc. v. Dharod*, 2019 WL 1376746, at \*4 (W.D. Ky. Jan. 29, 2019), *objections overruled*, 2019 WL 3536000 (W.D. Ky. Aug. 2, 2019). This Court has further clarified the correct standard: Credible evidence is more than mere speculation and must "permit a reasonable deduction that other documents may exist or did exist and have been destroyed." *Id.* (citing *Hubbard v. Potter*, 247 F.R.D. 27, 29 (D.D.C. 2008)). Specifically, this "might include presentation of responsive, but withheld, documents that the moving party obtained from another source or testimony demonstrating knowledge of the existence of responsive documents." *Id.* (citing *Hubbard v. Potter*, 247 F.R.D. 27, 29 (D.D.C. 2008)). The questions before the court are (1) whether Maker's Mark provided credible evidence or just vague speculation; and (2), if Maker's Mark provided credible evidence, whether Spalding rebutted that evidence.

Maker's Mark provides five categories of evidence to demonstrate the flawed process of Spalding: (1) "Defendants ignored the email accounts (and other records) of at least two custodians"; (2) the keyword searches used were inadequate; (3) Outlook is an inappropriate program for discovery purposes; (4) employee's and not attorney's made relevance determinations; and (5) the low number of produced emails imply withholding. Each will be discussed in turn.

First, Maker's Mark asserts that not all custodians at Spalding were searched. They assert evidence specific to two employees, while also providing indirect evidence of additional employees that they assert had, and failed to produce, relevant documents.

Makers Mark simultaneously asserts that: "Defendant's ignored the email accounts (and other records) of at least two custodians—Kurt Owings and Joe Scheirich, while also referencing the documents produced by Joe Scheirich.<sup>2</sup> As for Kurt Owings, the correspondence cited by Maker's Mark, far from showing that Spalding was being uncooperative, demonstrate the reasonable explanation as to why there is no production from Kurt Owings: He was hired by Spalding group in 2015 as the Director of Politics, with no responsibilities in any of the areas identified by Maker's Mark. [DN 74-12]. Maker's Mark asserts that this is contradictory to the sworn interrogatory responses, citing to her own declaration as evidence. [DN 74-2]. After examining the January 2020 interrogatory responses, [74-4 at 4], however, the Court is satisfied with Spalding's explanations as to why this production would not result in any relevant information. While also true that there appears to have been an inconsistency by the employees in their collection effort, this does not appear to be purposeful misrepresentation, but rather a mistake. And it is a mistake that they attempt to cure. Spalding offered to "run the search terms through Mr. Owings' email within three (3) business days and produce any additional documents that may be garnered (although it is not anticipated that there would be any not previously produced)." [DN 70-14 at 2]. Maker's Mark refused this offer, with the only stated reason being that "Defendants

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<sup>2</sup> Maker's Mark's Representation of these emails adds substantial confusion to the briefing where in their initial memorandum they state: "Of the remaining emails, only seven relate to the allegedly infringing Bourbon Cigar, and those are emails sent by Joe Scheirich concerning the Bourbon Cigar's design that were not produced until November 16, 2020." [DN 74-1 at 13-14]. Then, in their reply, Maker's Mark in a lengthy footnote state: "These emails were likely provided by Joe Scheirich" and state that "to the extent Defendants are suggesting Mr. Scheirich is not under their control for discovery purposes (a position they have not expressly taken), that position is not supported by the facts. . . . [T]he only conclusion that can be drawn is that any responsive documents in Mr. Scheirich's possession are under Defendants' control for the purposes of Rule 34." This is obviously true considering that Spalding has produced Joe Scheirich's documents. [DN 78 at 6].

would have been following the same flawed process they used with the other custodians.” [DN 78 at 10]. Thus, where this Court concludes the process was not flawed, a new search is not justified, and where Defendant’s make no demand for these documents, none will be granted.

As evidence of the un-named employees alleged by Maker’s Mark, the party cites to a generic email ([info@tedscigars](mailto:info@tedscigars)) and allege the metadata demonstrate that “at least six other individuals” are employed by Spalding Group. [DN 74-1 at 17]. Here, a customer facing informational email does not demonstrate the existence of additional employees. Similarly, the metadata of custodians belonged to Luca Bianconcini, Ted Jackson, Dennis Linsey, MR, and Spalding. Where the cited declaration identifies no additional employee’s, and where the Court is not persuaded that “MR” and “Spalding” are actual persons, Maker’s Mark has failed to provide credible evidence of additional employees at Spalding. The Court is satisfied with Spalding’s assertions that all employees’ documents were searched.

Second, Maker’s Mark argues that “the keywords Defendants unilaterally chose without any negotiation or discussion with Maker’s Mark would have missed responsive documents because they were unreasonably narrow and unsophisticated.” [DN 74-1 at 18]. The issue here is whether the keyword searches used by Spalding were sufficient. Cooperation here is immaterial where *neither* side cooperated.<sup>3</sup> Maker’s Mark relies on *National Day Laborer Organizing Network v. United States Immigration and Customs Enforcement Agency*, for the proposition that courts order new searches due to the inadequacy of keyword searches. 877 F. Supp 2d 87, 108-12

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<sup>3</sup> The facts at issue in this briefing show that Spalding made efforts to be both transparent and reasonable in their conference. Spalding ought not be punished for providing information about their search protocols where Maker’s Mark has not been so forthcoming. [DN 70-4]. While Maker’s Mark asserts that they are “not obligated to provide discovery about discovery[,]” [DN 78 at 5], it demonstrates that Spalding had no role in developing Maker’s Mark’s search terms, either. Without delving deeper, it is obvious from the assertion that *neither* party cooperated in accordance with the agreed 26(f) planning report, [DN 37], thus neither side should be punished merely because they made “unilateral” choices.



(S.D.N.Y. 2012). However, this case is specific, not to the discovery process, but to the burden placed by FOIA for government custodians to conduct adequate searches. The Court details how agencies may meet the burden and goes on to compare to the common practice: “FOIA permits agencies to do so by submitting affidavits that ‘contain reasonable specificity of detail rather than merely conclusory statements.’” *Id.* at 108 (quoting *Grand Cent. P'ship, Inc. v. Cuomo*, 166 F.3d 473, 478 (2d Cir. 1999)). There, where the FBI rested their argument for adequacy on the idea that the majority of their electronic search was “manual”, despite also referring to the FOIA request in their memorandum as an “epic search[,]” the court concluded that the government would not be able to establish the adequacy of its FOIA searches if it did not record and report the search terms that it used, how it combined them, and whether it searched the full text of documents. *Id.* Not only can this case be distinguished on the law being discussed, but where Spalding provided their terms.

Courts have found the opposite to be true. *See, e.g., Hyles v. New York City*, 2016 WL 4077114, at \*1 (S.D.N.Y. Aug. 1, 2016) (where “[t]he key issue is whether [a party] can be forced” to use particular methods where the party “prefers to use keyword searching[;]” concluding that “[t]he short answer is a decisive ‘NO.’”); *United States v. O'Keefe*, 537 F. Supp. 2d 14, 24 (D.D.C. 2008) (dismissing defendant’s objection to the keyword search and acknowledging it is a far more “complicated question involving the interplay, at least, of the sciences of computer technology, statistics, and linguistics.”). *Maker’s Mark* also asserts problems with the keywords themselves, but this Court sees no reason why these terms ought not have captured the relevant documents for collection.<sup>4</sup>

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<sup>4</sup> *Maker’s Mark* argues that, not only were the terms too narrow, but that “the term ‘Bourbon’ . . . would have been too overbroad to capture many responsive documents. [DN 74-1 at 18]. *Maker’s Mark* also asserts that “by using rigid keywords without Boolean operators such as AND, OR, \*, W/n, Defendants almost certainly excluded many potentially relevant documents, because simple keyword searches do not guarantee the search will deliver all potential

Third, Maker's Mark argues that "Microsoft Outlook was not an appropriate program to use to conduct keyword searches." [DN 74-1 at 18]. The Court sees no reason why this is the case.<sup>5</sup>

Fourth, Maker's Mark asserts "[a] proper search for discoverable documents requires careful planning, oversight, and monitoring by the party's counsel." [DN 74-1 at 14 (quoting *New Orleans Reg'l Physician Hosp. Org., Inc. v. United States*, 122 Fed. Cl. 807, 817 (2015)). And argues that by having employees, and not attorneys determine which documents were relevant to plaintiff's requests, Spalding failed to provide proper oversight and must start again with a new search, led by attorneys. [DN 78 at 9-10]. To be sure, Attorneys, and not employees, are the ones to make the legal determination of relevancy in discovery. However, while related, collecting documents and making relevancy determinations are distinct actions. Maker's Mark relies upon *H Guys* to show that courts have ordered new searches based on the reasoning that self-selection was inadequate.<sup>6</sup> However, directly preceding the holding, the opinion clearly articulates "a handful of smoking gun documents" that the plaintiff uncovered, and Defendant ought to have

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responsive documents." *Id.* First, these contradictory stances cannot be reconciled—while the Court shall not evaluate each term on its own, the combination of all terms, and particularly that of bourbon, by a cigar company, where the alleged infringement has to do with their "bourbon cigar" seems to this court to be reasonably calculated to collect the correct documents for relevancy determinations. Further, there are no requirements to use Boolean operators, and those offered by Maker's Mark, except for one, all would have *narrowed* the search, the opposite of what they are petitioning for. Second, where these search terms identified and used are pulled directly from Defendant's interrogatories, they are deemed sufficient. [DN 74-10, 74-3].

<sup>5</sup> Make's Mark provides five reasons. First, they repeat that keyword searches do not support Boolean search operators and, second, that keyword searches ignore misspellings. [DN 74-1 at 18-19]. As the Court previously stated, the keyword searches utilized were sufficient. Third, Makers Mark asserts "keyword searches apply only to items that have been indexed." [DN 74-1 at 19]. This is unproblematic as it is the default for all electronic searches. Where there is no issue with a given Spalding employee's catalog, there is no issue, and there is nothing provided that might lead this Court to believe there was. Fourth, Maker's Mark asserts that "Outlook will display only 250 search results[.]" but this is an exaggerated problem where it is unclear that Spalding has left this limit in place and even if it were, employees would be aware of the additional emails once they reach the 250<sup>th</sup> simply by clicking "more." *Id.* Finally, even if this Court were to order Spalding to pay for an eDiscovery service, and even if they were to use a Boolean search, it would be true that "searches scan attachments such as PDFs only if they have searchable text." *Id.*

<sup>6</sup> "Because the defendant's employees had been the ones to determine what documents were relevant to the plaintiff's discovery requests, the court ordered the defendant 'to conduct a second search'", but this misinterprets the reasoning. [DN 78 at 9 (quoting *H Guys, LLC v. Halal Guys Franchise, Inc.*, 2020 WL 3578026, at \*5 (N.D. Ill. July 1, 2020)].

produced. Nothing similar has occurred here. Then, directly following a description of the five “smoking guns”, the court proceeds to explain: “Thus, there is at least some indication that the defendant’s search and selection process may have been inadequate.” This demonstrates that it was the credible evidence, rather than mere references to process, that concerned the courts. This is particularly obvious where the court answers an identical argument that there is some prohibition against self-collection, and in so doing clarifies the role of both attorney and employee:

It seems obvious that in litigation, those most likely to conduct an effective search for their company's documents and data are employees of the company. Not only will a party's lawyer lack the experience and the competency to conduct a meaningful search under the Federal Rules of Civil Procedure for documents, but a lawyer's role in any bout of litigation will be inconsistent with that of a gatherer of company documents to be turned over to the opponent in discovery. . . .

It is a party's non-lawyer employees who generally know where things are, how they are stored, what files exist, and what search is required and would be productive. Attorneys are there to advise their client on legal issues, and to make judgments about relevancy and other legal issues.

That does not mean that one side must accord the weight of an encyclical to the other side's representations regarding the completeness and thoroughness of document discovery. No rule requires the kind of involvement in and oversight of discovery that seems to be contended for by the plaintiff's Motion.

*H Guys*, 2020 WL 3578026, at \*3–4. Here, not only are there are no smoking guns, Spalding demonstrated their relevancy determinations, instruction, and oversight. [DN 74-10; 74-14]. While Makers mark asserts that “[l]ike defendants in *H Guys*, Defendants admit that they discussed with their counsel what documents would be responsive[,]” it appears to this court that the opposite is true, that *unlike* in *H Guys*, Spalding instructed the employee’s as to relevance. The holding of

H Guys implies strongly that there was neither instruction, nor supervision. *Id.* at \*5. Thus, this case is easily distinguished on the facts.

Finally, Maker's Mark repeatedly asserts the low number of emails produced to bolster their claims that production was inadequate. Spalding responds both with an explanation for the low production, due to the nature of their e-mail utilization and small number of employee's, [DN 75 at 8], and because Maker's Mark fails to demonstrate any evidence of missing information from production, *Id.* at 9.

Spalding correctly identifies the standard: Maker's Mark is required to provide evidence to permit a reasonable deduction that evidence was withheld, which rises above vague notions, speculation, or hunches. *Id.* (quoting *United States v. O'Keefe*, 537 F. Supp. 2d 14, 22 (D.D.C. 2008); *Harris v. Koenig*, 271 F.R.D. 356, 370 (D.D.C. 2010)). Maker's Mark responds that "in making that argument, Defendants turn a blind eye to the substantial, *uncontroverted* evidence Maker's Mark has introduced establishing that the search process . . . was either grossly flawed or designed to exclude documents." [DN 78 at 5]. Here, Maker's Mark fails to identify any credible evidence—not of flawed process (which is disputed above), but that the demonstration of flawed process ought to permit a deduction of withheld evidence.

Maker's Mark identifies four cases to demonstrate federal courts have ordered new searches based on flawed process. However, these cases are each extreme, and identify more than mere process issues. First, in *ProCom Heating, Inc. v. GHP Grp., Inc.*, the Plaintiff identified over a hundred specific, relevant emails that defendants failed to produce. 2016 WL 8203221, at \*1 (W.D. Ky. July 8, 2016). In both *New Orleans Reg'l Physician Hosp. Org., Inc. v. U.S.*, and *Est. of Moreno by & through Moreno v. Corr. Healthcare Companies, Inc.*, the Attorneys misrepresented the terms used by custodians to the court and gave reason to believe they destroyed

evidence. 122 Fed. Cl. 807, 818 (2015); 2020 WL 5739747, at \*2 (E.D. Wash. Jan. 8, 2020). Finally, in *MGA Ent., Inc. v. Nat'l Prod. Ltd.*, the party did not indicate how parties or third parties were chosen for search, did not identify the custodians searched or where the documents were located, she searched nothing but email, and did not use any search terms. 2012 WL 12886446, at \*3 (C.D. Cal. Jan. 26, 2012). Here, the fact pattern shares little in common with these extreme cases, nor does the process raise the kinds of concerns that qualify as 'credible evidence.' Thus, Spalding shall not be required to conduct an entirely new search.

### **3. Spalding's Additional Financial Records Must be Produced**

Maker's Mark asserts that Defendants have no justification for withholding the financial records they seek. [DN 74-1 at 20]. Maker's Mark seeks three categories of documents: (1) records general to Spalding; (2) records specific to sales and profits of the Licensed Cigar; and (3) sales and profit records relating to the allegedly infringing Cigar. *Id.*

First, Maker's Mark's Document Request Number 13 requests: "Documents sufficient to disclose Ted's Cigars annual revenue, operating costs, and profits from 1996 to the present." [DN 74-3 at 20]. In response, Spalding "produced the General Ledger Detail Report from 1999-2016" as well as their Summary of Cost of Goods, Royalties, and Expense; their Historical Trial Balance Summaries; Tax Returns; and Total Sales by Product for the years 2016-2019. These documents do not pertain to the correct timeline.

Additionally, where Spalding claims that the information is no longer accessible from their general ledger, the request for tax returns, profit/loss statements, and additional trial balance summaries seems exceedingly reasonable. Spalding asserts that they used the Microsoft Dynamic and Crystal software products to create the custom reports that it forwarded to Maker's Mark while their contractual relationship was ongoing. [DN 74-9]. It is not readily apparent to the Court why

this would mean the information is not accessible. Production need not be provided in the precise format it was given during their course of business at that time, but Spalding provides no reason to believe that the underlying information used in the reports was deleted—in fact, the general ledger was produced, showing where that information would be.

Spalding also claims that “Maker’s Mark is not seeking additional documentation post-2015.” The motion, briefing, and attached correspondence make clear that this is false. [DN 74, 74-1 at 20-25; DN 74-9].

Maker’s Mark also seeks information regarding the sales, revenues, costs, royalties, profits, advertising, manufacture, and distribution of the Bourbon and Licensed Cigars. [DN 74-1 at 21; 74-3 at 8, 21-28]. For identical reasons, the production of this information is insufficient.

Spalding argues that the discovery is not proportional to the case, and correctly identifies the standard: “the party opposing discovery must show that the material sought either falls beyond the scope of relevance, or is so marginally relevant that the potential harms of production outweigh the presumption in favor of broad disclosure.” DN 75 at 15 (quoting *Hiser v. Volkswagen Grp. Of Am., Inc.*, 2016 WL 11409339 at \*4 (W.D. Ky. Aug. 1, 2016), *objections overruled*, 2017 WL 402988 (W.D. Ky. Jan. 30, 2017)). Here, it is not readily apparent to the court that any harm would come from production, or that it would be unduly burdensome to produce the limited documents requested. Similarly, while Spalding asserts that “Maker’s Mark is seeking damages for sales made by Ted’s Cigars after that License Agreement was terminated.” [DN 75 at 12]. This is not the only reason these documents might be relevant. Maker’s Mark asserts that “those records are relevant to demonstrating the importance of the role the Licensed Cigar played in the development and growth of Defendants’ business” and “will likely be relevant to evaluating the reasonableness of the costs and other amounts Defendants assert should be deducted to calculate Defendants’

profits from the Bourbon Cigar.” [DN 74-1 at 22-23]. Thus, the information is discoverable, and ought to be produced.

Thus, Spalding must produce the information for the years preceding 1999, provide updated information for the prior year, and continue to provide relevant financial records as they become available.

For the foregoing reasons, **IT IS HEREBY ORDERED:**

1. Maker’s Mark’s Motion for Protective Order, [DN 73], is **GRANTED**. Spalding is precluded from seeking deposition testimony on functionality.
2. Maker’s Mark’s Motion to Compel, [DN 74], is **GRANTED IN PART AND DENIED IN PART**. Spalding shall not be required to conduct a new search. Spalding shall be required to produce the following financial documents: Spalding’s Annual federal tax returns for 1996 through 2015 and for 2020 and going forward; Spalding’s year-end and monthly profit/loss statements for 1996 through 2020 and going forward; Spalding’s year-end trial balance summaries for 1996 through .

**IT IS SO ORDERED.**

April 20, 2021

  
**Lanny King, Magistrate Judge  
United States District Court**

c: Counsel