United States Court of Appeals

FIFTH CIRCUIT
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LYLE W. CAYCE
CLERK

TEL. 504-310-7700
600 S. MAESTRI PLACE
NEW ORLEANS, LA 70130

August 10, 2015

MEMORANDUM TO COUNSEL OR PARTIES LISTED BELOW:

No. 15-40337 Joshua Harman v. Trinity Industries, Inc., et al
USDC No. 2:12-CV-89

Enclosed is an order entered in this case.

Sincerely,

LYLE W. CAYCE, Clerk

By: _____
Christina A. Gardner, Deputy Clerk
504-310-7684

Mr. George F. Carpinello
Ms. Nina Cortell
Mr. Christopher M. Green
Mr. James C. Ho
Mr. Bradley G. Hubbard
Ms. Anne McGowan Johnson
Mr. Jeremy Daniel Kernodle
Mr. David Maland
Mr. Barrett E. Pope
Mr. Prerak Shah

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 15-40337

United States of America, ex rel, JOSHUA HARMAN,

Plaintiff-Appellee

v.

TRINITY INDUSTRIES, INC.; TRINITY HIGHWAY PRODUCTS, LLC.

Defendants-Appellants

TEXAS A & M UNIVERSITY SYSTEM; TEXAS A & M TRANSPORTATION INSTITUTE

Appellants

Appeal from the United States District Court
for the Eastern District of Texas

Before DAVIS, CLEMENT, and COSTA, Circuit Judges.

PER CURIAM:

Defendant Trinity Industries, Inc. and non-party Texas A&M University filed this motion to stay the district court's order unsealing exhibits used or referred to during the litigation of this case. We granted a temporary stay pending our review of the relevant documents. The case was tried on liability and damages and concluded on October 20, 2014. The court entered its final judgment setting the treble damages, civil penalties, and attorney's fees on June 9, 2015. A motion for new trial is pending before the district court.

The district court found that the exhibits in question which were the subject of an agreed protective order were either introduced themselves or the contents of the exhibits were disclosed by trial testimony or other trial evidence. The district court applied the usual presumption against the sealing of public documents and the general common law rule that:

> The public is entitled to inspect and copy public records and documents, including judicial records and documents under a generally recognized common-law presumption. The common-law public-access presumption is limited to court documents that are deemed judicial records . . . . Documents and papers filed with the court are generally recognized as judicial records.[1]

The court found, after a review of the record, that "the relevant material . . . is largely comprised of (1) exhibits admitted into evidence during the trial; (2) deposition testimony mirroring testimony delivered at trial, or (3) portions of certain expert reports that relate directly to such expert's testimony at trial."

Neither Trinity nor Texas A&M, in their briefing, identify which, if any of the contents of the items they seek to maintain under seal were not disclosed and therefore released to the public domain during the trial.[2]

Trinity has not persuaded us that the district court revealed documents whose contents were not already in the public domain. We therefore conclude that the movants have not demonstrated a substantial likelihood of

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[1] 1 Moore's Federal Practice, § 5.34(1)(a)-(b) (internal quotation marks omitted); *See also Rushford v. New Yorker Magazine, Inc.*, 846 F.2d 249, 252 (4th Cir. 1988) (unsealing documents subject to protective order that were submitted with summary judgment motion by analogizing to unsealed use of documents as exhibits at trial which the parties agreed would have amounted to public disclosure overriding the protective order). The protective order in this case recognizes the principle in *Rushford* that documents otherwise subject to the protective order may lose their protected status if they are publicly disclosed.

[2] We have reviewed Trinity's recently-filed full brief and it still does not identify documents that were not publicly disclosed.

establishing that the district court abused its discretion. We therefore deny the motion for a stay of the district court's order.

EDITH BROWN CLEMENT, Circuit Judge, dissenting.

Joshua Harman founded a company that manufactured guardrails. That made him a direct competitor of Trinity Industries, Inc., against whom he initiated the whistleblower suit that gives rise to this appeal. The district court entered a blanket protective order under Federal Rule of Civil Procedure 26(c).[1] Believing that its trade secrets and confidential information would be protected, Trinity handed over reams of company files to its competitor. The Texas A&M University System and Texas A&M Highway Products, LLC (collectively, "Texas A&M")—neither of which has been accused of wrongdoing—objected to Harman's subpoenas. But after being assured that their trade secrets and confidential information would be protected by the order, they too handed over their files to Harman.

District courts have considerable discretion to modify protective orders. But when doing so, they must consider "whether the material . . . was produced in reliance on [a] protective order." *See* Charles Alan Wright et al., 8A Federal Practice & Procedure § 2044.1, Westlaw (database updated April 2015). The question of reliance is important because "the assurance of confidentiality may encourage disclosures that otherwise would be resisted," and "[a]llowing modification of protective orders . . . tends to undermine the order's potential for more efficient discovery." *United Nuclear Corp. v. Cranford Ins. Co.*, 905 F.2d 1424, 1427-28 (10th Cir. 1990).

It appears that Trinity and Texas A&M have shown a substantial likelihood of success on the merits. The record shows that Trinity and Texas A&M relied on the protective order. And they vigorously fought after trial to enforce its protections. *Cf. Gates Rubber Co. v. Bando Chem. Indus.*, 9 F.3d 823, 848-49 (10th Cir. 1993) (rejecting argument that trade secrets lost protection when they were revealed in open court because party fought to maintain protections). The protective order states that, "[t]o the extent that Protected Documents or information contained therein are used in depositions, at hearings, or at trial, such documents or information shall

[1] Rule 26(c) allows district courts to enter such orders to protect "[a] party or any person from whom discovery is sought" from "annoyance, embarrassment, oppression, or undue burden or expense." Rule 26(c)(1). In particular, courts may issue protective orders to protect "a trade secret or other confidential research, development, or commercial information." Rule 26(c)(1)(G).

remain subject to the provisions of this Order, along with the transcript pages of the deposition testimony and/or trial testimony referring to the Protected Documents or information contained therein."[2] The district court might have decided that the parties did not actually rely on the order; that their reliance was unreasonable; or that the public's interest in viewing the disputed materials outweighed both the parties' interest in the enforcement of the order and the public's interest in efficient and fulsome discovery. But by failing to even consider whether the parties relied on the protective order, the district court abused its discretion.

The district court held that, because most of the documents and information that Trinity and Texas A&M sought to protect had already been revealed in open court—either in trial exhibits or through testimony—they no longer deserved protection. Of course, the protective order gave the parties good reason to believe that their confidential information would remain protected, even if used during trial.[3] Moreover, there is no reason why district courts should adopt a formalistic, all-or-nothing approach when balancing the competing interests of the public to observe court proceedings and of litigants to protect confidential information. For example, where a trial involving trade secrets is unlikely to garner much public attention, a district court might refuse to close the court while promising (like the district court did here) to strike all confidential information from the written record. Even when a trial will be widely covered in the press, the same balance might do when technical details are unlikely to be of public interest. Whatever measures a court adopts regarding trial, there is no reason why disclosure in open court should be treated as dispositive if, as a practical matter, confidential information is not widely

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[2] The protective order later states that "[a]fter termination of th[e] litigation, the provisions of this Order shall continue to be binding, except with respect to those documents and information that become a matter of public record." I would not interpret this provision to vitiate the guarantee made just a few sections before. I would interpret "matter of public record" to refer to those documents and information to which the public has "unqualified access." *Cf. In re Rockefeller Ctr. Props., Inc. Sec. Litig.*, 184 F.3d 280, 292-93 (3d Cir. 1999).

[3] A better-drafted protective order would not leave the parties guessing about such an important issue. *Cf. Imageware, Inc. v. U.S. W. Commcn's*, 219 F.3d 793, 794-95 (8th Cir. 2000) (discussing protective order that required party intending to use confidential information at trial to give other party notice, and the other party to move to close the court while the material was discussed).

disseminated. Striking the proper balance in this context requires a realistic, fact-sensitive approach, which other circuit courts have adopted. *Cf. Hoechst Diafoil Co. v. Nan Ya Plastics Corp.*, 174 F.3d 411, 417 (4th Cir. 1999) (rejecting argument that trade secrets lost protection because they were accidentally filed in court's public files for several months); *Gates*, 9 F.3d at 848-49.

It is also troubling that the district court unsealed the entire record based on a rationale that applied to only portions of it. The district court explained that it was unsealing the entire record because the material Trinity and Texas A&M sought to protect was "*largely comprised* of (1) exhibits admitted into evidence during the trial, (2) deposition testimony mirroring testimony delivered at trial, or (3) portions of certain expert reports that relate directly to such expert's testimony at trial" (emphasis added). The district court fails to explain why documents that do not fall into these three categories should be unsealed.

Because Trinity and Texas A&M have shown a substantial likelihood of success on the merits, and have made the other showings necessary to support a request for injunctive relief, I would grant their motion to stay the district court's order pending appeal.

I dissent.