

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

GENE CODES FORENSICS, INC.,

Plaintiff,

-against-

THE CITY OF NEW YORK,

Defendant.

-----X

ECF CASE

10 Civ. 1641 (NRB)

**MEMORANDUM OF LAW IN SUPPORT OF
DEFENDANT CITY OF NEW YORK'S MOTION FOR
SUMMARY JUDGMENT DISMISSING PLAINTIFF'S COMPLAINT**

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Preliminary Statement

Defendant, the City of New York (the “City”) respectfully submits this memorandum of law in support of its motion for summary judgment dismissing the Complaint of Plaintiff Gene Codes Forensics, Inc. (“Gene Codes”) in its entirety. The relevant facts are set forth fully in the accompanying Declarations of Jody C. Lipton, Joseph Palazzi, Roni Amiel, Taylor Dickerson, Tejesh Patel and Mark Desire.

This action was brought by Gene Codes based on the unfounded and misguided belief that the Office of Chief Medical Examiner (“OCME”) hacked into the database for a DNA matching software program named M-FISys, an acronym for Mass Fatality Identification System (pronounced “Emphasis”), in order to share “trade secrets” with the FBI concerning the “database schema” for M-FISys so that the FBI could enhance its own software program named CODIS 6.0, which performs similar DNA matching functions.¹ The M-FISys program was specifically created and developed by Gene Codes for OCME to aid in the identification of victims of the September 11, 2001 attack on the World Trade Center (“WTC”) and the agreement between the parties granted OCME a perpetual royalty-free license to use M-FISys for non-commercial purposes. CODIS 6.0 did not exist in 2001 when M-FISys was created; it was independently developed by the federal government in the intervening years and it is now made available to state and local law enforcement laboratories by the FBI without cost.

The relationship between Gene Codes and OCME soured over the years and the version of M-FISys at OCME became outdated and inoperable. In August of 2009, OCME decided to use CODIS 6.0 for continuing WTC victim identification work and a small group of OCME

¹ A schema is an electronic index that shows how the data in a database are organized by listing the database's fields and tables, but not its underlying data. Viacom Int'l Inc. v. YouTube Inc., 253 F.R.D. 256, 263 (S.D.N.Y. 2008).

employees worked together to migrate all of the existing DNA profile data that was stored in M-FISys over to CODIS 6.0. Misinformation regarding that migration process was apparently leaked to Gene Codes by an OCME employee and this lawsuit followed.

The indisputable facts demonstrate that OCME acted properly in all respects and that summary judgment is now appropriate.

Pleadings and Prior Proceedings

The Complaint alleges four claims for relief: breach of contract, misappropriation of trade secrets, unfair competition and unjust enrichment. The crux of each claim is the allegation, made on information and belief, that “various OCME employees, including, but not limited to, Roni Amiel, Mark Desire, and Taylor Dickerson, during the latter part of 2009 participated in printing out the confidential database schema from GCF’s proprietary M-FISys software and worked directly with the FBI’s software engineering personnel and/or contractors for the purpose of enabling the FBI to extract GCF’s Trade Secrets, including proprietary know-how and design functions, in order to develop and enhance the functionality of CODIS 6.0, also known as Next Generation CODIS or ngCODIS.” (Complaint, at ¶ 29).

The City sought leave to file this motion for summary judgment immediately upon the joinder of issue, asserting that there is no factual basis for Gene Codes’ claim that the OCME shared any trade secrets with the FBI. (Letter dated April 28, 2010). At a pre-motion conference on May 27, 2010, Defendant’s counsel stated that a confidential source, an OCME employee, provided the information upon which the Complaint is based.

As the Supreme Court emphasized in Ashcroft v. Iqbal, 129 S. Ct. 1937, 1950 (2009), “where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct, the complaint has alleged--but it has not “show[n]”—“that the pleader is entitled to

relief.” Fed. Rule Civ. P. 8(a)(2). Accordingly, as a threshold matter, this Court directed Gene Codes’ counsel to furnish a sworn statement showing that its confidential source possesses sufficient knowledge to “indicate that the allegations in the complaint are plausible. (Letter from Court dated June 17, 2010).

After liberal extensions of time, Defendant’s counsel advised the Court that its confidential informant is fearful of potential adverse job consequences and will not provide an affidavit and, further, that its efforts to find alternate support for the allegation have been unsuccessful. (Letter dated July 28, 2010). In lieu of the requested statement, Defendant submitted an affidavit from its president, Howard Cash, in which he asserted his continuing belief that the allegations of wrongdoing are well-founded, placing reliance on a statement made at a settlement meeting by OCME employee Joseph Palazzi, who acknowledges in his accompanying Declaration that OCME did in fact print out spreadsheets of the M-FISys database as part of the process of migrating data from M-FISys to CODIS 6.0. This Court denied Gene Codes’ repeated requests to take the deposition of Joseph Palazzi and granted the City leave to file this motion for summary judgment. (Letter from Court dated July 30, 2010).

Statement of Relevant Undisputed Facts

The M-FISys program was commissioned and created specifically for OCME in the months following the September 11, 2001 attack on the World Trade Center (“WTC”) in order to aid in the identification of victims. (Lipton Dec. at ¶ 3). M-FISys was designed according to specifications provided by OCME under a written contract dated March 1, 2002 (the “Agreement”), which granted the City a perpetual royalty-free license to use the software for non-commercial purposes. (*Id.*; Ex. A, Agreement at Section VII (D)).

At the end of the three-year term of the Agreement, pursuant to which the City paid Gene Codes more than \$13,000,000 (Lipton Dec. at ¶ 4), Gene Codes stopped supplying OCME with updates and revisions to M-FISys and started making demands for a new contract with exorbitant fees to maintain and keep M-FISys up to date. (*Id.* at ¶ 5). The relationship between the parties soured and OCME was left with an outdated version of M-FISys. (Amiel Dec. at ¶¶ 9-10).

In August 2009, OCME made a decision to use a DNA matching program called CODIS 6.0 that had been developed in the intervening years by the Department of Justice and the FBI. (Desire Dec. at ¶¶ 5-6). CODIS is an acronym for the Combined DNA Index System software program, which the FBI makes available without charge to state and local law enforcement laboratories throughout the United States. (*Id.* at ¶ 4). CODIS 6.0 is a missing person program that performs functions similar to M-FISys. (*Id.* at ¶ 7). As of August 2009, OCME was already using CODIS 6.0 for day-to-day work in cases involving missing persons and unidentified human remains and it was felt that CODIS 6.0 also could be used for continuing WTC victim identification work. (*Id.* at ¶ 6).

All of the DNA profile data derived from remains collected at the WTC site and from exemplars provided by the families of the victims of 9/11 (collectively referred to as the “data”) belongs exclusively to OCME. (Lipton Dec. at ¶¶ 6-7). As that data was gathered and compiled during the term of the Agreement, it was delivered on disks to Howard Cash at Gene Codes, who formatted and uploaded it into an M-FISys database (the “M-FISys WTC Database”). (Dickerson Dec. at ¶ 5; Desire Dec. at ¶ 6). During the term of the Agreement, OCME criminalists accessed the M-FISys WTC Database using the M-FISys software application program. (Dickerson Dec. at ¶ 4).

Gene Codes did not return the original disks with the raw DNA profile data and related information to OCME, and it did not train OCME criminalists to format and upload the data to M-FISys in house. With CODIS 6.0, OCME criminalists now have the capability to upload DNA profiles in-house. (Desire Dec. at ¶ 10). The only place at OCME where all the data was accessible in one place was the M-FISys WTC Database. (*Id.* at ¶ 8).

The M-FISys program did not contain a utility or tool for extracting the data once it had been uploaded. (Dickerson at ¶ 6). In order to use CODIS 6.0, OCME first had to take all of the DNA profile data and related information stored in the M-FISys WTC Database and put it in a format that could be loaded into CODIS. (Palazzi Dec. at ¶ 5). The M-FISys WTC Database is stored in a database management program called SQL Server, which is a software program licensed by OCME from Microsoft. (Amiel Dec. at ¶ 5). The M-FISys WTC Database, however, had become inaccessible using the M-FISys software application and OCME did not wish to use the services of Gene Codes to troubleshoot the problem or otherwise assist in the migration of the data to CODIS 6.0 because of the past difficulties and the desire to move forward swiftly. (*Id.* at ¶¶ 9-10).

In connection with the migration process, OCME printed out all of the tables contained in the M-FISys WTC Database, which Joseph Palazzi and Taylor Dickerson then analyzed in order to identify and separate the “data” from other information added by Gene Codes that related to M-FISys. (Amiel Dec. at ¶¶ 11-13; Palazzi Dec. at ¶¶ 7, 10; Dickerson Dec. at ¶ 7). These print-outs show table headings, which are what Gene Codes may be referring to as “database schema.” (Palazzi Dec. at ¶ 7).

No information regarding the database schema or the functioning and operation of M-FISys was ever disclosed to the FBI. In fact, throughout the process, great care was taken to

avoid sharing any information relating to M-FISys with FBI or even mentioning M-FISys in conversations with the FBI. (Dickerson Dec. at ¶ 8). Neither the printout of the database tables, nor any information pertaining to the organization of information within M-FISys and/or the operation and functioning of M-FISys, was ever given to or shared with the FBI at any time or for any purpose. (Id. at ¶¶ 3, 9; Desire Dec. at ¶¶ 3; Amiel Dec. at ¶ 3; Palazzi Dec. at ¶¶ 3, 15, and 16; Patel Dec. at ¶¶ 3, 5).

ARGUMENT

SUMMARY JUDGMENT IS APPROPRIATE AND ANY REQUEST FOR LEAVE TO CONDUCT LIMITED DISCOVERY UNDER RULE 56(f) SHOULD BE DENIED

Legal Standards

Summary judgment is appropriate when “the pleadings, the discovery and disclosure materials on file, and any affidavits show that there is no genuine issue as to any material fact and that the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(e)(2). Once this showing is made, “[t]o defeat summary judgment, the non-movant must produce specific facts” to rebut the movant’s showing and to establish that there are material issues of fact requiring trial. Wright v. Coughlin, 132 F.3d 133, 137 (2d Cir. 1998) (citing Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986)).

Rule 56(e)(2) states that “[w]hen a motion for summary judgment is properly made and supported, an opposing party may not rely merely on allegations or denials in its own pleading; rather, it must – by affidavits or as otherwise provided in this rule – set out specific facts showing a genuine issue for trial.” The “mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the

requirement is that there be no genuine issue of material fact.” Scott v. Harris, 550 U.S. 372, 380 (2007) (quoting Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247-48 (1986)); see also Quarles v. Gen. Motors Corp., 758 F.2d 839, 840 (2d Cir. 1985).

Stated differently, the non-moving party “must do more than simply show that there is some metaphysical doubt as to the material facts.” Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586 (1986). The nonmoving party must set forth “concrete particulars.” R.G. Group, Inc. v. Horn & Hardart Co., 751 F.2d 69, 77 (2d Cir. 1984). “If the evidence is merely colorable, or is not significantly probative, summary judgment may be granted.” Anderson, 477 U.S. at 249-50 (internal citations omitted).

Trade Secrets

Under New York law, a trade secret “may consist of any formula, pattern, device or compilation of information [that] is used in one's business, and [that] gives [the owner] an opportunity to obtain an advantage over competitors who do not know or use it.” Restatement of Torts § 757 cmt. b (1939); Delta Filter Corp. v. Morin, 108 A.D.2d 991, 485 N.Y.S.2d 143, 144 (3d Dep't 1985); see also Lehman v. Dow Jones & Co., 783 F.2d 285, 297 (2d Cir. 1986).

To recover under New York law for the misappropriation of a trade secret, the plaintiff must demonstrate (i) that it possessed a trade secret and (ii) that the defendant used that trade secret in breach of an agreement, a confidential relationship, or duty, or as a result of discovery by improper means. Integrated Cash Mgmt. Servs., Inc. v. Digital Transactions, Inc., 920 F.2d 171, 173 (2d Cir. 1990); Speedry Chem. Prods., Inc. v. Carter's Ink Co., 306 F.2d 328, 331 (2d Cir. 1962); Brignoli v. Balch Hardy & Scheinman, Inc., 645 F. Supp. 1201, 1205 (S.D.N.Y. 1986); Sublime Prods., Inc. v. Gerber Prods., Inc., 579 F. Supp. 248, 251 (S.D.N.Y. 1984);

Rapco Foam, Inc. v. Scientific Applications, Inc., 479 F. Supp. 1027, 1029 (S.D.N.Y. 1979);
Restatement of Torts § 757 (1939).

In determining whether a trade secret exists, the New York courts have considered the following factors to be relevant: (1) the extent to which the information is known outside of his business; (2) the extent to which it is known by employees and others involved in his business; (3) the extent of measures taken by him to guard the secrecy of the information; (4) the value of the information to him and to his competitors; (5) the amount of effort or money expended by him in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others. Integrated Cash Management Services, 920 F.2d at 173, quoting Eagle Comtronics, Inc. v. Pico, Inc., 89 A.D.2d 803, 803-04, 453 N.Y.S.2d 470, 472 (4th Dep't 1982) (quoting Restatement of Torts § 757, comment b).

Analysis

The only contractual provision in the Agreement pertaining to the protection of trade secrets is contained in Section VI (G), which provides as follows:

Trade Secrets and Proprietary Information. Both parties agree to maintain the confidentiality of the disclosing party's confidential information by using methods at least as stringent as each party uses to protect its own confidential information. In this subparagraph, "confidential information" shall include all information marked confidential which is exchanged between the parties hereto as well as all information related to the fees or expenses paid hereunder. Each party shall be permitted to disclose confidential information, as defined in this paragraph but not relating to aspects of the criminal investigation, as defined in subparagraphs A through E above, to its affiliates provided that such party shall ensure that each such affiliate maintains the confidentiality of such information. The confidentiality and use obligations set forth above apply to all or any part of the confidential information discuss in this subparagraph G disclosed hereunder except to the extent that :

1. Either party can show by written record that it possessed the information prior to its receipt from the other party;
2. The information was already available to the public or became so through no fault of the party receiving such information;

3. The information is subsequently disclosed to the party receiving such information by a third party that has the right to disclose it free of any obligations of confidentiality;
4. The information is required by law to be disclosed; or
5. The information is independently developed by the party receiving such information.

This provision thus requires that matter claimed to constitute a trade secret be specifically marked “confidential” by the party claiming such protection. The database schema claimed by Gene Codes to constitute a trade secret, however, was not marked confidential. Furthermore, the database schema could be viewed by simply performing a table dump of the database.

On this motion, however, the Court need not decide whether the database schema is protected as trade secret because OCME did not share the database schema or any other information regarding M-FISys or the M-FISys WTC Database with the FBI. As shown in the accompanying declarations, OCME only used information discernible from the table dump of the database in order to extract its own data from the M-FISys WTC Database. OCME had a right to print out a table dump of the database in order to extract data stored therein.

All of Gene Codes’ trade secret claims, whether grounded in contract or tort, must be dismissed because an essential element of a trade secret claim is lacking, namely, it cannot be shown that OCME “used that trade secret in breach of an agreement, a confidential relationship, or duty, or as a result of discovery by improper means.” Integrated Cash Mgmt. Servs., 920 F.2d at 173. If it is clear that a plaintiff will be unable to satisfy the legal requirements necessary to establish his or her case, summary judgment is not only appropriate, but mandated. See Celotex,

477 U.S. at 322. A failure to prove one essential element “necessarily renders all other facts immaterial.” Id. at 323.

Cases involving similar conduct, in which such conduct was alleged to constitute copyright infringement, are particularly instructive. It has been held that the identical conduct complained of here, would be protected as a fair use under the Copyright Act. See Assessment Techs. of WI, LLC v. WIREdata, Inc., 350 F.3d 640, 643 (7th Cir. 2003). See also Madison River Management Company v. Business Management Software Corporation, 387 F. Supp. 2d 521 (M. D. N.C. 2005) (observing that under the holding in Assessment Technologies, a licensee accused of infringement of a computer program “would be privileged to copy the [] database in order to extract its raw data under the fair use doctrine,” but holding that the fair use doctrine did not apply because of use of copy beyond scope of license).

In Madison, the Court began its analysis by noting that the database itself is subject to copyright protection as a compilation because of the original arrangement of facts. As the court explained:

[T]here is no dispute that BMS' software created the TCS database, which the court finds to be an original arrangement of facts. The TCS program utilizes Madison's raw data that is saved in an Oracle relational database by imposing on the raw data a new structure and metadata enhancements. It is the raw data subjected to the TCS structure, processes, triggers, program modules, and stored procedures which then becomes the TCS database. Thus, the TCS database is covered by Defendant's copyright over its TCS software.

387 F. Supp. 2d at 535 (internal citations omitted). The Madison court noted, however, that the copyright “extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work.” Id. quoting Copyright Act, 17 U.S.C. § 103 (b). See also Feist Pub'Ins, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 350-51 (1991) (“[T]he copyright is limited to the particular selection or arrangement. In no event may copyright extend

to the facts themselves.”). Similarly, in this case, the organization and structure of M-FISys WTC Database or schema would be protected by copyright,² but data stored therein would remain the exclusive property of OCME and not be protected by the copyright.

In Assessment Technologies, a company called WIREdata wanted to gather information for use by real estate brokers about specific properties, such as address, owner's name, the age of the property, its assessed value, etc., from certain Wisconsin municipalities. WIREdata sought the raw data collected by tax assessors hired by the municipalities and typed into a computer program called “Market Drive,” which was developed and copyrighted by the plaintiff, Assessment Technologies (“AT”) and licensed to the municipalities. When assessors entered the raw information into Market Drive, the program automatically compiled the raw data into 456 fields (or categories of information) grouped into 34 master categories known as tables. The newly-compiled data was then saved in an electronic file as a database. AT sued to prevent WIREdata from acquiring the raw data from the Market Drive software, claiming the data could not be extracted without infringement of its copyright.

The Seventh Circuit described the various means by which raw data could be extracted from database tables and fields without infringing the copyrighted structure. One option would be to use the tools in the program itself to extract the data and place it in a separate electronic

² Schema is defined as “the structure of a database system, described in a formal language supported by the database management system (DBMS).” Madison, 387 F. Supp. 2d at 540 n.13, quoting Webopedia, at <http://www.webopedia.com/TERM/s/schema.html>. “In a relational database, the schema defines the tables, the fields in each table, and the relationships between fields and tables.” Id.

file. That option, however, was not available in this case because Gene Codes did not design such a tool for OCME, although it was supposed to do so under the Agreement.³

Another extraction method discussed in Assessment Technologies is the one that was used in this case. The court found that removing the raw data by copying the database structure, would be a fair use. Id. at 644-45. Relying on Sega Enterprises Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1992), the court stated:

if the only way WIREdata could obtain public-domain data about properties in southeastern Wisconsin would be by copying the data in the municipalities' databases as embedded in Market Drive, so that it would be copying the compilation and not just the compiled data only because the data and the format in which they were organized could not be disentangled, it would be privileged to make such a copy, and likewise the municipalities. For the only purpose of the copying would be to extract noncopyrighted material.

Id. at 644-45. See Sega Enterprises, 977 F.2d at 1527 (“where disassembly is the only way to gain access to the ideas and functional elements embodied in a copyrighted computer program and where there is a legitimate reason for seeking such access, disassembly is a fair use of the copyrighted work, as a matter of law.”).

In this case, the undisputed facts show that OCME copied the tables in the M-FISys WTC Database solely for the purpose of extracting the data that it originally gave to Gene Codes. That data remained the exclusive property of OCME. Indeed, Gene Codes signed a Release with a covenant not to sue in which it specifically acknowledged that all data stored in or generated by M-FISys belongs exclusively to OCME. (Lipton Dec. at ¶ 7; Ex. B thereto). Accordingly, summary judgment should be granted dismissing Gene Codes' Complaint in its entirety.

³ Sections V(B)(4)(h) of the Agreement specified that the software developed by Gene Codes “shall produce data in or easily converted to XML format,” to facilitate the transfer of data to CODIS or another database. Upon information and belief, Gene Codes has in fact designed such a tool for M-FISys and included it in a later version that it is commercially exploiting, but it did not provide such a tool to OCME.

Discovery Is Not Warranted

“Rule 56(f) is not a shield against all summary judgment motions...[A] bare assertion that the evidence supporting a plaintiff's allegation is in the hands of the defendant is insufficient to justify a denial of a motion for summary judgment under Rule 56(f).” See Paddington Partners v. Bouchard, 34 F.3d 1132, 1138 (2d Cir. 1994) (internal citations and quotation marks omitted). If a court finds that a request for discovery is based on speculation as to what might be discovered, the court can deny the request, even if properly and timely made. Id. See also Gray v. Town of Darien, 927 F.2d 69, 74 (2d Cir.1991) (“In a summary judgment context, an ‘opposing party’s mere hope that further evidence may develop prior to trial is an insufficient basis upon which to justify the denial of [a summary judgment] motion’”) (quoting Contemporary Mission, Inc. v. U.S. Postal Serv., 648 F.2d 97, 107 (2d Cir. 1981)); Capital Imaging Assocs. v. Mohawk Valley Med. Assocs., 725 F. Supp. 669, 680 (N.D.N.Y. 1989) (citations omitted) (while “Rule 56(f) discovery is specifically designed to enable a plaintiff to fill material evidentiary gaps in its case...it does not permit a plaintiff to engage in a ‘fishing expedition’”), aff’d, 996 F.2d 537 (2d Cir. 1993).

The complaint’s threadbare allegations of a conspiracy between OCME and the FBI are completely fanciful. In Contemporary Mission, the Second Circuit stated that “[c]ourts must be particularly cautious to protect public officials from protracted litigation involving specious claims.” 648 F.2d at 107. Regarding Rule 56(f), the court remarked:

Where a plaintiff fails to produce any specific facts whatsoever to support a conspiracy allegation, a district court may, in its discretion, refuse to permit discovery and grant summary judgment. Something more than a fanciful allegation is required to justify denying a motion for summary judgment when the moving party has met its burden of demonstrating the absence of any genuine issue of material fact. A “bare assertion” that the evidence supporting a plaintiff’s allegation is in the hands of the defendant is insufficient to justify a denial of a motion for summary judgment under Rule 56(f).

Id.

In Biosafe-One, Inc.v. Hawks, 639 F. Supp. 2d 358, 365-66 (S.D.N.Y. 2009), Judge Chin granted a motion for summary judgment dismissing a trade secrets misappropriation claim where the opposition to the motion consisted of little more than plaintiff's "firm understanding" and "firm conviction" that defendants had violated its intellectual property rights, holding that "[s]uch speculative and conclusory allegations are insufficient to withstand summary judgment." "Plaintiffs do not, for example, point to any evidentiary basis for their "firm understanding" or "firm conviction," nor do they point to any specific evidence that defendants appropriated trade secrets or proprietary information." Id.

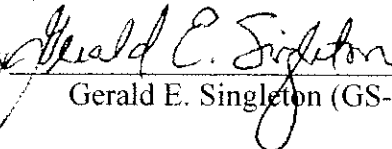
Here, Plaintiff's allegation that "GCF has been advised and has reason to believe that the FBI has specifically sought to obtain from and has been provided information by OCME regarding how M-FISys integrates the nuclear STR profiles and mitochondrial DNA sequences used on degraded remains" (Complaint, at ¶ 30) is no less conclusory than the plaintiff's firm belief in the Hawks case. If there is a witness who provided GCF with enough specific information of alleged wrongdoing to satisfy the pleading standards under Rule 11, then it is incumbent on GCF to submit an affidavit from that witness in opposition to this motion. On the other hand, if the witness merely has reason to believe that the FBI and OCME have met and spoken regarding the OCME's then planned and now actual use of CODIS 6.0, none of which is evidence of wrongful conduct, then there is no reason to permit a fishing expedition in support of a purely speculative and presently unfounded claim. Defendants should not be permitted to take depositions or cross examine the declarants on this motion in the hope that something might turn up.

CONCLUSION

Based on the foregoing, the City respectfully submits that Plaintiff's Complaint should be dismissed in its entirety.

Dated: New York, New York
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