

**Matter of SRF Tech. Licensing Europe E., LLC v  
Zero Global Waste, LLC**

2022 NY Slip Op 33979(U)

November 17, 2022

Supreme Court, New York County

Docket Number: Index No. 653605/2022

Judge: John J. Kelley

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This opinion is uncorrected and not selected for official publication.

**SUPREME COURT OF THE STATE OF NEW YORK  
NEW YORK COUNTY**

**PRESENT: HON. JOHN J. KELLEY PART 56M**

*Justice*

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In the Matter of  
SRF TECHNOLOGY LICENSING EUROPE EAST, LLC,  
Petitioner,

INDEX NO. 653605/2022

MOTION DATE 11/14/2022

MOTION SEQ. NO. 002

- v -

ZERO GLOBAL WASTE, LLC,  
Respondent.

**DECISION + ORDER ON  
MOTION**

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The following e-filed documents, listed by NYSCEF document number (Motion 002) 19, 20, 21, 22, 23, 24, 28, 29, 30, 32, 44, 45, 46, 47, 48, 49, 59, 60, 61, 62

were read on this motion to/for DISCOVERY/X-MOTION DISCOVERY.

In this proceeding pursuant to CPLR 7502 for a preliminary injunction in aid of a mediation concerning the sale or licensing of certain equipment containing patented industrial processes, the respondent moves pursuant to CPLR 408 for permission to conduct discovery. This proposed discovery consists of limited requests for the production of documents, as well as the depositions of Bjornulf Østvik, one of the petitioner’s owners, Frank Harris, who oversees and administers the petitioner’s licensing of use of equipment to the respondent, and Michael D. Lukas, a nonparty witness. The petitioner opposes the motion, and cross-moves to compel the respondent to submit a sworn statement or statements that it has complied with the temporary restraining order set forth in this court’s order to show cause entered on October 4, 2022, as it relates to the protection and security of certain equipment in the respondent’s possession and, in effect, pursuant to CPLR 408 for permission to conduct discovery. The discovery sought by the petitioner includes a demand for the production of documentation demonstrating the current location of the subject equipment, the security measures taken with respect to the

equipment, and the respondent's ownership or control over the premises where the equipment currently is stored. The respondent opposes the cross motion.

The respondent's motion is granted to the extent that the respondent is deemed to have requested, as of the date of the entry of this order, (a) the production of documents, as set forth in requests 1, 2, 3, 4, 7, and 8 in the notice uploaded as Docket Entry No. 22 in the New York State Court Electronic Filing (NYSCEF) system, (b) the party depositions of Bjornulf Østvik and Frank Harris, and (c) the nonparty deposition of Michael Lukas. On or before on or before December 16, 2022, the petitioner shall produce documents responsive to requests 1, 2, 3, 4, 7, and 8, as set forth in the notice to produce. Those documents shall be subject to confidentiality conditions, as set forth herein. On or before December 22, 2022, the petitioner shall produce Østvik and Harris for depositions, each limited to four hours. Inasmuch as Lukas, a resident of Connecticut, is not employed by or necessarily under the control of the petitioner, should the respondent wish to conduct his deposition, it shall, on or before December 1, 2022, submit a proposed open commission to the Clerk of the court for issuance to an appropriate attorney or notary public in Connecticut so that Lukas's deposition may be conducted in Connecticut pursuant to Conn. Gen. Stat. §§ 52-148a, 52-148b, 52-148e(f), 52-155, and Conn. R. Super. Ct. Civ. § 13-28(g). Lukas's deposition shall also be limited to four hours, and shall be conducted on or before December 22, 2022. The respondent's motion is otherwise denied.

The petitioner's cross motion is granted to the extent that the petitioner is deemed to have requested, as of the date of entry of this order, that the respondent produce documents demonstrating the current location of the subject equipment, the security measures taken with respect to the equipment, and the respondent's ownership or control over the premises where the equipment currently is stored. On or before on or before December 16, 2022, the respondent shall produce those items. The cross motion is otherwise denied.

The petitioner allegedly owns or is empowered to license certain proprietary trade secrets in connection with a patented process for converting sold waste into a high-grade solid

recovered fuel (SRF). The petitioner's parent company, Ecogensus, LLC, is a recycling, resource recovery, and materials science company that owns the patents for the waste-to-SRF process. The respondent had sought and obtained an exclusive license from the petitioner for the right to employ the waste-to-SRF process primarily in Eastern Europe. According to the petitioner, the respondent gained access to sensitive mechanical and electronic equipment containing the patented process. The petitioner claims that the respondent intended to reverse engineer the equipment, to thus learn how the patented process worked, and then, despite lacking manufacturing rights, to manufacture its own similar or identical equipment in order to sell it under a brand name different than Ecogensus, LLC. The underlying dispute concerning misuse of the license is subject to mandatory mediation in New York before the American Arbitration Association. The petitioner initiated a mediation proceeding on September 15, 2022, intending to pursue claims to recover for breach of contract, conversion, misappropriation of trade secrets, unfair competition, and deceptive trade practices, based upon the respondent's alleged attempts to reverse-engineer the equipment in the respondent's possession in Eastern Europe in order to develop, manufacture, and market its own infringing product.

The petitioner commenced this proceeding on September 30, 2022 (see CPLR 304[a]), seeking a preliminary injunction in aid of the mediation proceeding that would compel the respondent to return the equipment to the petitioner. In the order to show cause initiating the proceeding, the court (Kahn, J.) issued a temporary restraining order that, pending the submission of the petition, prohibited the respondent from permitting any third party to inspect, observe, or disassemble the equipment, prohibited the respondent from providing any of the petitioner's confidential information to any third party, and compelled the respondent to employ its best efforts to protect and preserve the equipment by removing it from the respondent's facility to a neutral facility or transferring it to a secure area of the respondent's facility if removal could not be effectuated. The petitioner also requested an evidentiary hearing in aid of the

petition. The petition is currently returnable on January 10, 2023, in accordance with a so-ordered stipulation dated November 17, 2022.

CPLR 7502(c) permits a court to entertain an application for a preliminary injunction in connection with a pending arbitration where the “award to which the applicant may be entitled may be rendered ineffectual without such provisional relief.” CPLR 408 permits parties to such a special proceeding to conduct disclosure, but only with leave of the court. The Supreme Court has “considerable discretion” as to whether to permit such disclosure (*Matter of L&M Bus Corp. v New York City Dept. of Educ.*, 71 AD3d 127, 136 [1st Dept 2009]; *Matter of Grossman v McMahon*, 261 AD2d 54, 57 [3d Dept 1999]). In exercising its discretion in this regard, the court “must balance the needs of the party seeking discovery against such opposing interests as expediency and confidentiality” (*Matter of Park Knoll Owners, Inc. v Park Knoll Assoc.*, 175 AD3d 1410, 1411 [2d Dept 2019]).

The court concludes that the discovery sought by both the petitioner and the respondent here, as limited by this order, is material and necessary to the claims and defenses in this proceeding, particularly as it applies to the issue of the petitioner’s likelihood of success on the merits of its underlying claims in the pending mediation. In this regard, the court notes that, with respect to the respondent’s request numbers 5, 6, 9, and 10, the requests are either overbroad (request 10), seek information irrelevant to the limited information necessary for the respondent to defend against the CPLR 7502(c) petition (requests 5 and 6), or seek information that would more appropriately be obtained through a deposition (request 9). Similarly, the petitioner’s request that the respondent produce documentation showing that it complied with the court’s temporary restraining order is beyond the scope of discovery necessary to permit the parties to litigate the merits of this proceeding. Rather, such documentation would only be relevant if the petitioner sought to hold the respondent in contempt of court.

In light of the foregoing, it is

ORDERED that the respondent’s motion is granted to the extent that

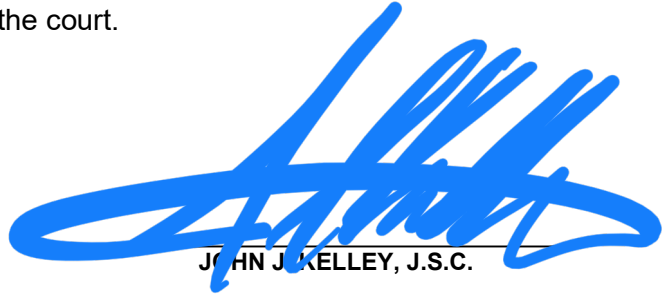
- (1) the respondent is deemed to have requested, as of the date of the entry of this order
  - a. the production of documents, as set forth in requests 1, 2, 3, 4, 7, and 8 in the notice uploaded as Docket Entry No. 22 in the New York State Court Electronic Filing (NYSCEF) system,
  - b. the party depositions of Bjornulf Østvik and Frank Harris, and
  - c. the nonparty deposition of Michael D. Lukas, and
- (2) on or before December 16, 2022, the petitioner shall produce documents responsive to requests 1, 2, 3, 4, 7, and 8, as set forth in the notice to produce, which shall be deemed confidential documents that may only be viewed by the parties, their attorneys, and the court, may not be shared with any other persons or entities, shall not be uploaded to the New York State Court Electronic Filing system, and shall not be filed with the Clerk of the court; and
- (3) on or before December 22, 2022, the petitioner shall produce Bjornulf Østvik and Frank Harris for depositions, each limited to four hours; and
- (4) should the respondent determine to conduct a deposition of Michael D. Lukas, it shall, on or before December 1, 2022, submit a proposed open commission to the Clerk of the court for issuance to an appropriate attorney or notary public in Connecticut so that the deposition of Michael D. Lukas may be conducted in Connecticut pursuant to Conn. Gen. Stat. §§ 52-148a, 52-148b, 52-148e(f), 52-155, and Conn. R. Super. Ct. Civ. § 13-28(g), and the Clerk shall issue said open commission, with said deposition to be conducted on or before December 22, 2022, and limited to four hours; and

the respondent's motion is otherwise denied; and it is further,

ORDERED that the petitioner's cross motion is granted to the extent that the petitioner is deemed to have requested, as of the date of entry of this order, that the respondent produce documents demonstrating the current location of the subject equipment, the security measures taken with respect to the equipment, and the respondent's ownership or control over the premises where the equipment currently is stored, and, on or before on or before December 16, 2022, the respondent shall produce those documents, and the cross motion is otherwise denied.

This constitutes the Decision and Order of the court.

11/17/2022  
DATE



JOHN J. KELLEY, J.S.C.

MOTION:	<input type="checkbox"/>	CASE DISPOSED	<input type="checkbox"/>	DENIED	<input checked="" type="checkbox"/>	NON-FINAL DISPOSITION	<input type="checkbox"/>	OTHER
	<input type="checkbox"/>	GRANTED	<input type="checkbox"/>	DENIED	<input checked="" type="checkbox"/>	GRANTED IN PART	<input type="checkbox"/>	OTHER
APPLICATION:	<input type="checkbox"/>	SETTLE ORDER			<input type="checkbox"/>	SUBMIT ORDER		
CHECK IF APPROPRIATE:	<input type="checkbox"/>	INCLUDES TRANSFER/REASSIGN			<input type="checkbox"/>	FIDUCIARY APPOINTMENT	<input type="checkbox"/>	REFERENCE
CROSS MOTION:	<input type="checkbox"/>	CASE DISPOSED	<input type="checkbox"/>	DENIED	<input checked="" type="checkbox"/>	NON-FINAL DISPOSITION	<input type="checkbox"/>	OTHER
	<input type="checkbox"/>	GRANTED	<input type="checkbox"/>	DENIED	<input checked="" type="checkbox"/>	GRANTED IN PART	<input type="checkbox"/>	OTHER
APPLICATION:	<input type="checkbox"/>	SETTLE ORDER			<input type="checkbox"/>	SUBMIT ORDER		
CHECK IF APPROPRIATE:	<input type="checkbox"/>	INCLUDES TRANSFER/REASSIGN			<input type="checkbox"/>	FIDUCIARY APPOINTMENT	<input type="checkbox"/>	REFERENCE
	<input type="checkbox"/>				<input type="checkbox"/>			