

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Petitt v. Exigency Healthcare Services, LLC

Case No. 21-cv-07639-VKD (N.D. Cal. Mar. 10, 2023) · No. 21-cv-07639-VKD · Decided March 10, 2023

SUMMARY

The United States District Court for the Northern District of California grants defendants’ administrative motion to seal financial documents filed in connection with approval of the parties’ settlement agreement. Applying the compelling-reasons standard, the court finds that the documents contain confidential financial, personal, payroll, tax, banking, and loan information whose disclosure could cause improper use or competitive harm.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Virginia K. DeMarchi
JURISDICTION	United States District Court for the Northern District of California
DECIDED	March 10, 2023
DOCKET	21-cv-07639-VKD
DISPOSITION	other
PROCEDURAL POSTURE	In connection with plaintiff's unopposed motion for approval of the parties' settlement agreement, defendants filed an administrative motion to seal financial documents submitted in support of the settlement.
STANDARD OF REVIEW	A motion to seal documents related to matters dispositive of the claims is governed by the compelling-reasons standard; documents concerning matters only tangentially related to the merits are governed by the good-cause standard under Federal Rule of Civil Procedure 26(c).
PRECEDENTIAL VALUE	unpublished, nonprecedential district court order

TOPICS

- civil procedure
- discovery dispute
- contracts

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the financial documents submitted in connection with approval of the parties' settlement agreement should be sealed under the compelling-reasons standard.
2. Whether defendants' confidentiality, privacy, and competitive-harm interests outweighed the public's interest in access to the judicial records.

HOLDINGS

1. Because the documents were produced in support of settlement negotiations and settlement approval was dispositive of the claims, the compelling-reasons standard governed the motion to seal.
2. Compelling reasons justified sealing the financial documents because they contained extensive confidential financial and personal information that could be used for an improper purpose or cause competitive harm, and those interests outweighed the public interest in disclosure.

KEY QUOTATIONS

“There is a strong presumption in favor of access by the public to judicial records and documents accompanying dispositive motions that can be overcome only by a showing of “compelling reasons supported by specific factual findings.”” (at 1)

“The Court finds that if this material were disclosed it could be used for an improper purpose or cause defendants competitive harm.” (at 2)

“The Court further finds that defendants’ interest in avoiding harm outweighs the public interest in disclosure.” (at 2)

FACTUAL BACKGROUND

Defendants submitted tax returns, bank statements, loan information, payroll information, and profit/loss documentation in support of their assertion that they could not pay a large settlement sum. The materials contained employee names and extensive confidential financial and business information. Defendants argued that disclosure could result in identity theft, privacy harms, and competitive harm, and that redactions would not adequately protect their interests.

PROCEDURAL HISTORY

The parties reached a settlement and plaintiff sought court approval. Defendants conditionally filed 135 pages of financial documents under seal and moved for an order sealing them. The district court granted the administrative motion and ordered the documents in Dkt. No. 35-3 sealed.

DISPOSITION

other

CASES CITED

- *Kamakana v. City & County of Honolulu*, 447 F.3d 1172 (9th Cir. 2006)
- *Ctr. for Auto Safety v. Chrysler Grp., LLC*, 809 F.3d 1098 (9th Cir. 2016)
- *Taylor v. AFS Techs., Inc.*, No. CV-092567-PHX-DGC, 2010 WL 2079750 (D. Ariz. May 24, 2010)
- *Exeltis USA Inc. v. First Databank, Inc.*
- *Transperfect Global, Inc. v. MotionPoint Corp.*, No. 10-cv-02590-CW, 2014 WL 4950082 (N.D. Cal. Sept. 25, 2014)
- *Nixon v. Warner Communications, Inc.*, 435 U.S. 589 (1978)

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