IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN

THE WEATHER UNDERGROUND, INC.,
a Michigan corporation,

Plaintiff,

vs.

Case No. 2:09-CV-10756
Hon. Marianne O. Battani

NAVIGATION CATALYST SYSTEMS, INC.,
a Delaware corporation; BASIC FUSION, INC.,
a Delaware corporation; CONNEXUS CORP.,
a Delaware corporation; and FIRSTLOOK, INC.,
a Delaware corporation,

Defendants.

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NAVIGATION CATALYST SYSTEMS, INC.'S MEMORANDUM IN RESPONSE TO MOTION FOR ORDER COMPELLING COMPLIANCE WITH MAY 25, 2010 ORDER

Statement of the Issues Presented

On May 25, 2010, the Court issued a discovery order (the "May 25th Order") which required, *inter alia*, Defendant Navigation Catalyst Systems, Inc. ("NCS") to provide supplemental responses, produce certain documents, or, as to domain name lists that were no longer available to NCS, provide information as to why those documents were not available. In bringing a motion for "compliance," therefore, Plaintiff The Weather Underground, Inc. ("Plaintiff") must show that there has been a failure to comply with the Court's order.

As is demonstrated, *infra*, there has been no failure by NCS to comply with any aspect of the Court's May 25th Order. Rather, Plaintiff appears to be seeking a ***modification*** of the Court order for additional documents without first meeting and conferring with NCS. Had Plaintiff engaged in a meaningful meet and confer with NCS about such a modification, this motion would likely have been avoided altogether.

Controlling Authority

Fed. R. Civ. P. 37 provides the controlling authority for a motion for failure to comply with a previously-issued discovery order.

MEMORANDUM OF POINTS AND AUTHORITIES

I. Introduction

To comply with the May 25th Order, NCS provided Plaintiff with: (i) supplemental responses to Plaintiff's First set of Requests for Production, (ii) supplemental responses to Plaintiff's First Set of Interrogatories, and (iii) 42,147 pages of documents. As might be anticipated, NCS and counsel spent weeks compiling such documents, including a significant amount of time reviewing hundreds of thousands of e-mails for responsiveness and privilege, pursuant to the Court's Order on Request No. 40. For the documents that NCS could not produce (i.e., its domain name portfolio from January 1st and July 1st from 2004 through 2009), NCS provided an affidavit as required by the Court's order and recently provided a 30(b)(6) deponent on this topic.

Now, Plaintiff has filed the present Motion asking the Court to enforce "compliance" with the May 25th Order. As NCS will demonstrate, however, it has fully complied with the Court's order. There is nothing left to enforce. To the extent that Plaintiff now seeks additional information and documents *not* required by the May 25th Order, then Plaintiff should have filed a request for modification pursuant to Paragraph 2 of the May 25th Order. And, had Plaintiff meaningfully met and conferred with NCS in advance of such a motion for modification, it would have found that such a motion would have been unnecessary.

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II. Argument

The NCS Domain Portfolio

Summary of Argument: NCS has fully complied with the Court's order with respect to Request No. 36. Plaintiff's motion is absolutely silent as to what provision of the Court's order NCS has violated. Rather, Plaintiff argues that NCS had or has *other* documents in its possession that have not been produced. But, the production of these *other* documents was refused by Plaintiff as a compromise during the meet and confer in which the parties participated on May 12, 2010 with regards to Request No. 36; was *not* ordered by the Court in the May 25th Order; and was not requested by Plaintiff after May 25th.

Facts and Argument:

1. Plaintiff's First Set of Requests for Production contained a request (Request No. 36) seeking production of documents related to each and every single domain name ever registered by NCS from 2004 to the present along with eight (8) sub-sections of discrete data related to the domain name.

2. NCS timely objected to the request on various grounds including, *inter alia*, relevance, overbreadth, and burden. Declaration of William A. Delgado, dated August 23, 2010, at ¶ 2 (Exhibit A hereto).

3. NCS attempted to meet and confer with Plaintiff regarding its First Set of Requests for Production. Plaintiff refused to meet and confer to narrow the scope of Request No. 36. Instead, Plaintiff filed a Motion to Compel production of responsive documents (Docket No. 46). *Id*.

4. Together with its opposition to that Motion (Docket No. 51), NCS filed the Declaration of Seth Jacoby (Docket No. 52) which explained, in detail, why it was not possible for NCS to comply with Request No. 36 as written.

5. On May 12, 2010, the parties had their first hearing on Plaintiff's Motion to Compel and Defendant's Cross-Motion to Compel. The hearing quickly turned into a day-long meet and confer conference between lead counsel for both parties. Delgado Decl. at ¶ 3.

6. While the parties were able to resolve many issues on May 12th, Plaintiff refused to narrow the scope of Request No. 36, despite now knowing that it was impossible for NCS to comply with the Request as written. So, for example, Plaintiff could have accepted a list of NCS's current domain portfolio. It could have accepted the list of domain name portfolios maintained by Verisign (which only went back 3 months). Delgado Decl. at ¶ 4.

7. Instead, at the second hearing on Plaintiff's Motion on May 19, 2010, Plaintiff proceeded to ask the Court to order NCS to respond to Request No. 36 as it was written. As is evident from the hearing transcript, both Plaintiff's counsel and the Court were informed that NCS could not comply with Request No. 36 as written. *See* Hearing Transcript at 27:21-28:3.[1] Counsel for NCS stated, several times and in no uncertain way, that NCS could not produce a list of domain names for earlier years. *See e.g.* Hearing Transcript at 31:12-13 ("For the earlier period of time, that data is no longer available.").

8. Indeed, in his closing remarks on this topic, counsel for NCS, anticipating that Plaintiff would file another motion irrespective of what NCS did or did not produce (i.e., this motion), noted a final time: "I just wanted to make sure that the Court is aware of [the

[1] Relevant portions of the Hearing Transcript is attached as Exhibit C.

unavailability of the data] and it's not like, you know, later on, you know, when we don't produce it for 2004 and the Court's looking at me, but I'm telling you right now we just don't have it from the earlier years...But we will produce it for as early as we do have." Hearing Transcript at 36:17-25.

9. Ultimately, the Court significantly pared down what would be required by NCS with respect to Request No. 36. Hearing Transcript 35:20-23. The Court's order required NCS to produce a list of domain names on each of January 1st and July 1st for each year between 2004 and 2009 or, if it could not, provide an affidavit as to why the data was not available and/or produce a 30(b)(6) deponent. *See* May 25, 2010 Court Order at ¶ 21.

10. After the Court's order was issued, and consistent with counsel's representations to the Court, NCS set out to obtain the earliest domain name list it could. To do so, NCS had to request deposits from Iron Mountain, a third-party company unrelated to defendants who warehouses historic domain name portfolios for Basic Fusion, the registrar utilized by NCS. Declaration of Donnie Misino, dated August 23, 2010, at ¶¶ 2-3. Unfortunately, that was not an easy process. First, the Iron Mountain employee who could assist with the process was out of the country. When that person returned, Iron Mountain informed NCS that ICANN approval would be required. *Id*. at ¶ 4. Thus, NCS began to coordinate with ICANN to get its approval for the release of the domain name lists. *Id.* at ¶¶ 5-7.

11. On June 18, 2010, while it was still coordinating with Iron Mountain, NCS issued its Supplemental Response to Request No. 36 which is fully contained in paragraph 11 of Plaintiff's Motion. As the Court can see, NCS noted that (i) it was working with Iron Mountain to get the earliest portfolio possible and (ii) it could obtain more current domain name lists (i.e.,

lists from 2010, not required by the Court) from Verisign or have Plaintiff subpoena them directly, at Plaintiff's Option. *See* Motion at ¶ 11.

12. Plaintiff **never** met and conferred with NCS as to whether Plaintiff wanted the domain name lists maintained by Verisign and **never** requested NCS to seek those lists. Delgado Decl. at ¶ 5.

13. On August 16, 2010, after weeks of coordinating with both Iron Mountain and ICANN, NCS obtained two domain name lists from Iron Mountain for the dates August 15, 2009 and February 13, 2010. Misino Decl. at ¶ 8. Those lists were prepared for production produced on August 20, 2010. Delgado Decl. at ¶ 6.

14. Together with its supplemental response, NCS provided the affidavit required by the Court, explaining why data from 2004 to 2009 was not available. Plaintiff's Motion admits as much. Motion at ¶ 12. In addition, on August 20, 2010, NCS's 30(b)(6) designee, Donnie Misino, the chief engineer, appeared for deposition for over six hours, ready to testify about why NCS could not produce a domain name portfolio for this earlier time period. Delgado Decl. at ¶ 6.

15. In short, then, NCS **fully complied** with the provisions of Paragraph 21 of the May 25th Order.

16. Realizing that a motion for "compliance" is correspondingly doomed, Plaintiff's motion instead proceeds to argue why NCS should be punished for the unavailability of the data. *See* Motion at ¶¶ 13-19. Undoubtedly, Plaintiff hopes that the Court will adopt Plaintiff's argumentative inferences (e.g., that the lists were not kept on purpose) as opposed to the real reason why this data is unavailable (i.e., voluminous data that is not necessary for the operation

of the business cannot be kept because of technical issues such as lack of server space) and, that, after adopting such inferences, the Court will punish NCS. Those arguments simply have no place in a motion for compliance.

17. On this point, Plaintiff's Motion concludes with the premise that "it is beyond credibility that NCS can not [sic] reproduce any list of domain names it owns and has owned, total or partial…."

18. On this point, NCS actually agrees because NCS can certainly produce some lists of domain names such as its current portfolio. That is precisely why, during the meet and confer on May 12, 2010, counsel for NCS suggested to counsel for Plaintiff that Plaintiff narrow its request and focus on domain name lists that NCS *could* produce. But, as noted, above, Plaintiff refused that offer and instead sought a court order for lists that Plaintiff knew NCS could not produce. Delgado Decl. at ¶ 4.

19. It is somewhat incredulous to believe that Plaintiff is asking this Court to sanction NCS for failing to produce lists of domain names from 2010 whose production was **not** ordered by the Court and which Plaintiff could have accepted but chose not to during the meet and confer process.

20. For the foregoing reasons, Plaintiff's motion for "compliance" must be denied. To the extent the Court wishes to interpret the Motion as one for "modification," it is moot. In accordance with statements from counsel, NCS spent ***weeks*** coordinating with Iron Mountain and ICANN to produce domain name lists from August 2009 and February 2010. Although the Court did not order NCS to produce lists from those dates, NCS wanted to produce "earlier" lists to the best of its limited ability.

21. Similarly, upon receiving Plaintiff's Motion and seeing for the first time that Plaintiff was willing to accept the current lists maintained by Verisign, NCS obtained three such lists from Verisign for the dates July 23, 2010, July 30, 2010 and August 6, 2010. These lists were also produced on August 20, 2010. Delgado Decl. at ¶ 7.

22. Plaintiff now has five (5) snapshots of domain name portfolios because NCS has gone above and beyond what was required in the May 25th Order. That hardly bespeaks sanctionble conduct.

23. Insofar as Plaintiff is requesting that NCS pay for a DomainTools.com report for each of January 1 and July 1 from 2004 to 2009, there are two major flaws in this request.

24. First, Plaintiff casually ignores the legal principle that when a party seeks electronic discovery of data that is inaccessible to the responding party, the Court should conduct a cost-shifting analysis to determine which party should pay for it. *Zubulake v. UBS Warburg LLC*, 217 F.R.D. 309, 320 (S.D.N.Y. 2003) (when data is inaccessible to the responding party, the court should consider shifting the cost to the requesting party); *Medtronic Sofamor Danek v. Michelson*, 229 F.R.D. 550, 559 (W.D. Tenn. 2003) (shifting part of the cost to party seeking electronic discovery); *Major Tours, Inc. v. Colorel*, 2009 WL 3446761*6-7 (D.N.J. 2009) (splitting cost of electronic discovery if requesting party insisted that the information be retrieved).

25. Second, the central question in a cost-shifting analysis is "how important is the sought-after-evidence in comparison to the cost of production?" Zubulake, 217 F.R.D. at 322-23. Here, the DomainTools.com Report, which simply contains a list of hundreds of thousands of domain names, the vast majority of which have nothing to do with this case, has a "retail

price" above **$2.5 Million.**[2] *See* Delgado Decl. at ¶ 8. The cost of this evidence is simply not merited where the statutory damages (for violation of 68 domain names) ranges from $68,000 to $6.8 million. That is to say, Plaintiff is asking that NCS be forced to pay for a discovery request, having little to no relevancy, which would potentially cost as much as 36 times the potential recovery.

NCS's Ownership of Domain Names Incorporating Plaintiff's Trademarks.

Summary of Argument: NCS's production of various lists of domain names has mooted this argument. Nevertheless, the Court should be mindful that, even prior to producing such lists, Defendant offered to run an unlimited number of searches against its portfolio for any number of character strings identified by Plaintiff so that Plaintiff could identify domain names it wanted to put "at issue." Plaintiff never accepted that offer.

26. For the most part, having produced five (5) snapshots of its domain name from 2009 and 2010, NCS has mooted this issue as well. Plaintiff is now free to examine the domain names registered by NCS and identify those domain names which Plaintiff believes to be "at issue." Nevertheless, several inadequacies in Plaintiff's Motion must be addressed.

27. For example, though it purports to be a motion for "compliance," there is no explanation as to how NCS violated the May 25th Order anywhere in Paragraphs 21-39 of the Motion. That is because Plaintiff cannot provide such an explanation. Simply put, there is nothing in this part of the Motion which supports a finding of non-compliance or sanctions based on non-compliance.

[2] DomainTools has offered to negotiate this "retail price" down to a "fair price" but has not indicated what a "fair price" would be. Delgado Decl. at ¶ 8.

28. Plaintiff also fails to acknowledge the entire conversation regarding this issue during the May 19, 2010 court hearing and the proposal made by NCS's counsel. To recap:

a. Plaintiff took the position (as it does in this Motion) that NCS has previously stated that it did not contain other domain names that should be at issue. *See* Hearing Transcript at 33:9-13.

b. Counsel for NCS noted that was not true. Thrice. *See* Hearing Transcript at 33:14-16 and 34:21-22.

c. To resolve the issues, counsel for NCS proposed running searches against the current portfolio for various strings. *See* Hearing Transcript at 35:6-12 ("[I]f [Plaintiff] wants to run a search for under, you know, we'll disclose any domain name that has the phrase under. If he wants to run it for, you know, what I would call the string eather, E-A-T-H-E-R, which would capture Weather, you know, Qeather, and it's the Q next to the W on the keyboard. Will be do that [sic]. That, you know, that is not an issue. We will happily do that.").

29. Plaintiff never accepted this proposal and never submitted to NCS a list of strings against which to search the portfolio. Delgado Decl. at ¶ 9.

30. In any case, as noted previously, this issue is moot. Plaintiff now has the data required to identify whatever domain names it wants to identify.

NCS's Production of Underlying Data

Summary of Argument: In its original requests for production, Plaintiff requested NCS's Software, a term Plaintiff defined as "a set of electronic instructions, also known as a

program, which instructs a computer to perform a specific set of processes." Plaintiff admits in its Motion that NCS produced its software. Now, Plaintiff seeks additional documents, heretofore unrequested.

31. Once again, nowhere in Paragraphs ¶¶ 40-45 does the motion for "compliance" specify which part of the Court's May 25, 2010 Order NCS has violated. Again, that is because Plaintiff cannot perform that task.

32. In any event, Plaintiff first argues that NCS has not produced completed versions of the template produced as NCS034887. There is a simple reason why: NCS has no such documents. The spreadsheets are used as part of a hypothetical training exercise and discarded immediately after use. The last time such spreadsheets were used was in April 2010, prior to the Court's May 25, 2010 order. Declaration of Donnie Misino at ¶ 10.

33. Moreover, Plaintiff's argument that such spreadsheets would show whether NCS reviewed Plaintiff's web site, which web sites they have reviewed, etc. (Motion at ¶ 42) is contradicted by the template itself. The template (submitted to the Court as Exhibit H to Plaintiff's Motion) contains the domain names that are used for training. Clearly, none of the domain names in Exhibit H are even remotely close to the trademarks in this lawsuit.

34. Second, Plaintiff argues that NCS has not provided three sources of "data" in connection with its production of its software. But, in fact, the Court should consider this:

a. Request No. 21 called for "any and all Software code identified by you in Plaintiff's First Interrogatories, Interrogatory Numbers 3-5." Software was defined as "a set of electronic instructions, also known as a program, which instructs a computer to perform a specific set of processes."

b. NCS produced its proprietary software code, the set of electronic instructions which instructs its computer to perform a specific set of processes.

c. The backup of the Internal Firstlook Database consists of approximately 408 GB of data. The third party data consists of another (approximately) 40 GB of data. To put that in perspective, that is roughly 74,274,368 pages. Delgado Decl. at ¶ 10.

d. Because of its size and structure, the Internal Database cannot be easily accessed without a hardware setup similar to the one maintained by NCS. Thus, it appears that Plaintiff is simply seeking these documents in attempt to burden NCS with having to produce them.

e. Plaintiff's argument that "[n]either database has been provided so that the issue of how NCS selects domain names can been verified" is simply wrong. The process of selecting a domain name is carried out by the Software code which was produced, not by the data.

f. The "Traffic Scoring Service" referred to in the schematic is part of the software code itself which was provided, not an independent database that was withheld.

35. Had Plaintiff attempted a meaningful meet and confer regarding the Internal and Third Party data, this aspect of the Motion would have been unnecessary. But, once again, Plaintiff filed its motion first and asked questions later. The request for the data was made by Plaintiff on August 4, 2010 after the deposition of Jeff Masters and Plaintiff followed up with a

letter on August 5, 2010.[3] On Friday, August 6, 2010, counsel for NCS responded to Plaintiff, noting that he had just returned to Los Angeles, after a week in Michigan, and asked that the parties meet and confer further after he had a chance to speak to his client and attend to his other cases. Delgado Decl. at ¶ 11. No such opportunity was provided. On Monday, August 9, 2010, Plaintiff filed the present Motion.

36. In any event, on August 20, 2010, NCS produced the Internal and Third Party Data to Plaintiff. Delgado Decl. at ¶ 12. As noted earlier, without a hardware system similar to the one that NCS has, the request may ultimately prove meaningless, but NCS is willing to provide what is requested.

NCS's Suggestions for Future Motions

37. Plaintiff's repeated practice of filing Motions to Compel full of rhetoric but devoid of any meaningful effort to resolve the dispute between the parties is only going to continue. It need not. As was illustrated on May 12, 2010, counsel for NCS is more than willing to sit in a room, meet and confer as long as it takes, and reach practical and reasonable solutions.

38. For that reason, NCS would suggest that for all future motions to compel, the Court require the parties to meet and confer, in person, for at least one hour. To the extent that lead counsel cannot be physically present, the meet and confer can take place in Ann Arbor at the office of either parties' local counsel (Anthony Patti or Michael Huget), with lead counsel attending by telephone.

39. In addition, it is now abundantly clear that this case has moved beyond the "paper document" phase and that any subsequent discovery issues in this lawsuit will almost certainly

[3] Of course, this ignores the fact that Plaintiff has yet to make a formal request under Rule 30.

revolve around e-discovery (e.g., searches for electronic spreadsheets, queries of e-mail databases, the provision of databases themselves, the cost of production of such data, etc.). Likewise, it is almost certain that arguments regarding the feasibility of production will center around technical limitations and engineering specifications. For that reason, the Court should consider appointing a Special Master pursuant to Fed. R. Civ. P. 53(a) with a computer background who can sort through such issues. *See, e.g., Medtronic*, 229 F.R.D. 550 at 559 ("Given the amount of electronic data at issue, the court finds that the appointment of a special master to oversee discovery is warranted and that the special master should be a technology or computer expert.").

RESPECTFULLY SUBMITTED this 23rd day of August, 2010.

/s/William A. Delgado

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CERTIFICATE OF SERVICE

I hereby certify that on August 23, 2010, I electronically filed the foregoing paper with the Court using the ECF system which will send notification of such filing to the following:

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