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

THE WEATHER UNDERGROUND, INC.,
a Michigan corporation,

Plaintiff,

vs.

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.

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

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PLAINTIFF'S REPLY TO DEFENDANT'S MOTION FOR PROTECTIVE ORDER

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NOW COMES Plaintiff The Weather Underground, Inc. (hereinafter "Plaintiff") by and through its attorneys, Traverse Legal, PLC and replies to Defendant's Motion for Protective Order as follows:

INTRODUCTION

Plaintiff has filed this cybersquatting, trademark infringement, false designation of origin, trademark dilution, and unfair competition lawsuit against Defendant NCS for its registration and use of numerous domain names that are identical or confusingly similar to Plaintiff's valuable registered trademarks. Plaintiff has alleged in its pleadings, among other allegations, that Defendant registered, used, or trafficked in domain names containing Plaintiff's valuable trademarks with a bad faith intent to profit from those marks. Further, Plaintiff has alleged that Defendant has willfully infringed upon Plaintiff's valuable trademarks by using those trademarks in commerce in association with competing goods or services. Consequently, Plaintiff has requested to depose Defendant's former General Counsel Chris Pirrone because Mr. Pirrone was actively and instrumentally involved in the identification of trademark infringing or potentially problematic domain names that may infringe on existing trademarks and, when NCS received a cease and desist letter or was otherwise notified of a proceeding under the Uniform Domain Name Dispute Resolution Policy, Mr. Pirrone made the final decision on whether NCS should retain or transfer the domain name at issue.

STATEMENT OF FACTS

On October 21, 2010, Plaintiff Weather Underground corresponded with Defendant NCS's counsel and requested to take the deposition of Chris Pirrone, who

was formerly Defendant's General Counsel. In this communication, Plaintiff listed several excerpts from the depositions of Lily Stevenson, Donald Misino, Mavi Llamas, and Seth Jacoby. See Exhibit A, 10-21-10 Letter to Delgado. These excerpts state that Mr. Pirrone was NCS's General Counsel, was a member of NCS's "Compliance Staff," reviewed every domain name registered by NCS, made the decision as to whether a domain name should be retained or transferred upon NCS's receipt of a cease and desist letter or notice that a proceeding under the Uniform Domain Name Dispute Resolution Policy had been commenced, and instructed legal compliance employees to transfer the domain name via the NCS Content Management System following Mr. Pirrone's review. See Exhibit B, Printout of Excerpts of Depositions of Stevenson, Misino, Llamas, and Jacoby referred to in 10-21-10 Letter to Delgado.

On October 25, 2010, Defendant responded to Plaintiff's correspondence by claiming that Mr. Pirrone's potential testimony was protected by attorney-client privilege or attorney work product. In response, Plaintiff noticed the deposition of Mr. Pirrone on November 2, 2010. Consequently, Defendant filed a Motion for Protective Order on November 8, 2010. Defendant's Motion argues (1) that Plaintiff cannot meet the *Shelton* test, which should be applied where Plaintiff seeks to depose Defendant's trial counsel, (2) that Plaintiff cannot show that the attorney-client privilege or attorney work product doctrine has been waived, and (3) that Plaintiff has no legal basis for requesting Mr. Pirrone's deposition and, consequently, Plaintiff should be sanctioned for forcing NCS to incur the expenses associated with a Motion for Protective Order.

ARGUMENT

Defendant's Motion must be denied because the *Shelton* test is inapplicable to the deposition of an attorney that does not serve as Defendant's trial counsel. Additionally, Defendant has waived any attorney-client privilege by asserting that its actions "were in good faith without malice...," or, alternatively, Chris Pirrone was not acting as an attorney and the attorney-client privilege cannot be applied to his actions. See Defendants Answer to Complaint with Affirmative Defenses. Consequently, Plaintiff's has a justified legal basis for requesting Mr. Pirrone's deposition and Defendant's Motion for Protective Order must be denied.

I. Defendant's Motion must be denied because the *Shelton* test is inapplicable

Defendant's Motion must be denied because the *Shelton* test is inapplicable. *Shelton* concerned the taking of an opposing counsel's deposition concerning the existence or non-existence of certain documents, "The plaintiffs then filed notice to take the depositions of several more individuals, including Rita Burns. Burns is employed by AMC as an attorney in its Litigation Department, **and she was assigned specifically to the case at bar** as AMC's supervising 'in-house counsel.'" *Shelton v. Am. Motors Corp.*, 805 F.2d 1323, 1325 (8th Cir. 1986). The Shelton court's adoption of the high standard cited in Defendant's brief arose out of the concept that "[t]he practice of forcing **trial counsel** to testify as a witness… has long been discouraged…." *Id*. at 1327.

Defendant selectively quotes *Nationwide*, which in turn quotes *Shelton*, for the proposition that "[d]iscovery from an opposing counsel is limited to where the party seeking to take the deposition has shown that (1) no other means exist to obtain the

information…; (2) the information sought is relevant and nonprivileged; and (3) the information is crucial to the preparation of the case." *Nationwide Mut. Ins. Co. v. Home Ins. Co.*, 278 F.3d 621, 628 (6th Cir. 2002). But both *Shelton* and *Nationwide* make clear that this heightened standard only applies where a party intends to depose opposing trial counsel, "We do not hold that opposing trial counsel is absolutely immune from being deposed. We recognize that circumstances may arise in which the court should order the taking of opposing counsel's deposition." *Shelton* at 1327. Consequently, Shelton is inapplicable to this case, as Defendant's trial counsel, as evidenced by the caption, is William Delgado, not Chris Pirrone.

II. Defendant's Motion must be denied because Defendant has waived its attorney-client privilege

Defendant's Motion must also be denied because Plaintiff has requested relevant evidence and Defendant has waived its attorney-client privilege. Defendant contends that Plaintiff has not requested relevant evidence because Plaintiff seeks to discover information about the infringement of trademarks or the registration of domain names other than its own. Defendant further contends that its attorney-client privilege cannot be waived where it has not asserted or relied upon the advice of counsel as an affirmative defense because asserting advice of counsel as an affirmative defense is required to trigger a waiver.

Defendant's conception of discoverable evidence under a theory of waiver or advice of counsel is incorrect and in conflict with the Federal Rules of Civil Procedure. Under Rule 26(b)(1), "Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense…." Fed. R. Civ. P. 26(b)(1). Rule 401

states, “Relevant evidence” means evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more probable or less probable than it would be without the evidence.” Fed. R. Civ. P. 401. Since, as stated above, Rule 26 allows discovery on “any matter that is relevant to a party’s claim or defense,” Fed. R. Civ. P. 26, Defendant’s assertion that Plaintiff cannot discover evidence that does not relate directly to its trademarks or to domain names incorporating its trademarks is incorrect.

Under the Anticybersquatting Consumer Protection Act,

> In determining whether a person has a bad faith intent… a court may consider factors such as, but not limited to—
>
> (V) the person’s intent to divert consumers from the mark owner’s online location to a site accessible under the domain name that could harm the goodwill represented by the mark… and
>
> (VIII) the person’s registration or acquisition of multiple domain name which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of the registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties.

15 U.S.C. § 1125(d)(1)(B)(i)(V), (VIII). Since Mr. Pirrone’s knowledge of, supervision over, and involvement in the decisions and physical processes used in NCS’s determination to retain or transfer a domain name makes the existence of facts of

consequence more or less probable, specifically, whether NCS intended to divert consumers from mark owners and/or registered or acquired numerous domain names containing the trademarks of others in violation of the ACPA, Mr. Pirrone's deposition will contain imperative relevant evidence. Thus, regardless of whether NCS had actual or constructive knowledge of Plaintiff's trademarks prior to this suit, Mr. Pirrone's deposition will contain evidence relevant to the determination of whether NCS had a bad faith intent to profit under the Anticybersquatting Consumer Protection Act because he was integrally and directly involved in NCS's process for review of potentially infringing domain names and both created and participated in the NCS system of review of domain names.

Additionally, Defendant has waived its attorney-client privilege. In support of this proposition, Defendant asserts (1) that, to waive attorney-client privilege, the advice of counsel at issue must relate directly to the trademarks or domain names at issue in this case, and that (2) because it did not have knowledge of Plaintiff prior to this litigation, it could not, necessarily, have relied on the advice of counsel as to the domain names or trademarks at issue in this case. Defendant argues, in short, that it can shield Mr. Pirrone's mental impressions, advice, or opinions from discovery because it did not specifically plead the magic words "advice of counsel" as an affirmative defense.

Defendant cannot claim that Mr. Pirrone's mental impressions, advice, or opinions are protected by attorney-client privilege because Defendant has specifically relied upon those mental impressions, advice, or opinions in asserting its Eighth Affirmative Defense, namely, that NCS's registration and use of domain names

containing Plaintiff's valuable trademarks were in good faith. See Defendant's Answer to Complaint with Affirmative Defenses ("Plaintiff's claims, including its request for statutory damages, are barred, in whole or in part, because all of NCS's actions were in goods faith without malice and/or did not result in any false or misleading statements, infringement, or confusion.").

The attorney-client privilege "'was intended as a shield, not a sword.'" *GAB Business Services, Inc. v. Syndicate 627,* 809 F.2d 755, 762 (11th Cir.1987) (quoting *Pitney-Bowes, Inc. v. Mestre,* 86 F.R.D. 444, 446 (S.D.Fla.1980)). A party waives the privilege "if it injects into the case an issue that in fairness requires examination of otherwise protected communications." *Cox v. Adm'r U.S. Steel & Carnegie*, 17 F.3d 1386, 1418-19 opinion modified on reh'g, 30 F.3d 1347 (11th Cir. 1994). This conclusion is supported by the Restatement (Third) of Law Governing Lawyers § 80(1):

> The attorney-client privilege is waived for any relevant communication if the client asserts as to a material issue in a proceeding that:
>
> (a) the client acted upon the advice of a lawyer **or that the advice was otherwise relevant to the legal significance of the client's conduct**….

Other courts that have interpreted this issue support the Restatement. In *Cox*, the 11th Circuit found that defendant waived its attorney-client privilege by asserting an **affirmative defense of good faith**, instead of merely denying the plaintiff's claims. *Cox v. Adm'r U.S. Steel & Carnegie*, 17 F.3d 1386, 1419 *opinion modified on reh'g*, 30 F.3d

1347 (11th Cir. 1994) ("Similarly, in the present case, USX could have denied criminal intent without affirmatively asserting that it believed that its change in pension fund policy was legal. Having gone beyond mere denial, affirmatively to assert good faith, USX injected the issue of its knowledge of the law into the case and thereby waived the attorney-client privilege."). The same is true in *Bilzerian*, where the 2nd Circuit found that Bilzerian's assertion of good faith waived the attorney-client privilege as to questions of Bilzerian's intent: "This waiver principle is applicable here for Bilzerian's testimony that he thought his actions were legal would have put his knowledge of the law and the basis for his understanding of what the law required in issue. His conversations with counsel regarding the legality of his schemes would have been directly relevant in determining the extent of his knowledge and, as a result, his intent." *United States v. Bilzerian*, 926 F.2d 1285, 1292 (2d Cir. 1991). In *State Farm v. Lee*, the Arizona Supreme Court confirmed this interpretation of Bilzerian:

> In *Bilzerian,* a securities fraud case, the defendant proposed to testify that he acted in good faith and lacked the necessary *mens rea* because he thought his actions were legal. When he went beyond denying bad faith and intent and affirmatively claimed he thought his conduct was legal, he "put his knowledge of the law and the basis for his understanding of what the law required in issue."

State Farm Mut. Auto. Ins. Co. v. Lee, 199 Ariz. 52, 62-63, 13 P.3d 1169, 1179-80 (2000).

These cases stand for the proposition that a Defendant waives its attorney-client privilege where, as an affirmative defense to an essential element of Plaintiff's claim, Defendant pleads that it acted in good faith. In the absence of such a rule, Defendant would not be allowed to prohibit Plaintiff to take the deposition of Mr. Pirrone, who, through his actions as the final arbiter of whether NCS should retain a domain name, transfer a domain name, respond to a cease and desist letter, or respond to an arbitration proceeding under the Uniform Domain Name Dispute Resolution Policy, acted as the *mens rea* of NCS. In short, Plaintiff would be prohibited from ascertaining an essential component of NCS's intent, namely, whether it took unacceptable business risks even after receiving Mr. Pirrone's advice. If NCS did, in fact, take unacceptable business risks in registering multiple domain names containing the trademarks of others to divert consumers even after receiving the advice of Mr. Pirrone, NCS's failure to heed that advice would not only constitute evidence of its bad faith intent to profit under the ACPA, but it would also constitute evidence of its lack of good faith, which it has asserted as an affirmative defense. This information is directly relevant to determining the extent of NCS's knowledge, and, accordingly, Defendant's Motion must be denied.

III. Defendant's Motion must be denied because, assuming, *arguendo,* Defendant's attorney-client privilege has not been waived, Mr. Pirrone was not acting as an attorney

Even assuming, *arguendo*, that Defendant's did not waive its attorney-client privilege through its assertion of the affirmative defense of good faith, it is unlikely that Mr. Pirrone was acting in his capacity as an attorney in choosing to

retain or transfer domain names on behalf of NCS and, therefore, the attorney-client privilege does not apply to his actions.

> The privilege applies only if the asserted holder of the privilege is or sought to be a client; the person to whom the communication was made is a member of the bar or his subordinate **and in connection with the communication is acting as a lawyer**; the communication relates to a fact which the attorney was informed of by his client without the presence of strangers **for the purpose of securing primarily either an opinion on law or legal services or assistance in some legal proceeding, and not for the purpose of committing a crime or bort** (sic); and, finally, the privilege has been claimed and not waived by the client.

Handgards, Inc. v. Johnson & Johnson, 69 F.R.D. 451, 453 (N.D. Cal. 1975). "'Acting as a lawyer' encompasses the whole orbit of legal functions. When he acts as an advisor, the attorney must give predominantly legal advice to retain his client's privilege of non-disclosure, not solely, or even largely, business advice." *Zenith Radio Corp. v. Radio Corp. of Am.*, 121 F. Supp. 792, 794-95 (D. Del. 1954).

This question of whether an attorney is acting in his capacity as an attorney or whether he is acting in an executive or ministerial capacity to accept or reject business risk on behalf of the company or to perform common company processes has been addressed in the patent context:

> Attorneys do not "'act as lawyers' when not primarily engaged in legal activities; **when largely concerned with technical aspects of a business or engineering character**, **or competitive considerations** in their companies' constant race for patent proficiency, or the scope of public patents, **or even the general application of patent law to developments of their companies and competitors**; when making initial office preparatory determinations of patentability based on inventor's information, prior art, or legal tests for invention and novelty; when drafting or comparing patent specifications and claims; when preparing the application for letters patent or amendments thereto and prosecuting same in the Patent Office; when handling interference proceedings in the Patent Office concerning patent applications.

Id. at 794-5. Thus, the attorney-client privilege may be applied only where in-house counsel provides its client with an opinion on law, legal services, or assistance in a legal proceeding, not where the attorney acts primarily as an executive that chooses to accept business risk on behalf of his client or in a ministerial capacity to perform pre-determined business-related routines.

In determining whether a domain name should be registered or transferred, Mr. Pirrone acted in an executive and ministerial fashion and not as an attorney. In the Deposition of Lily Stevenson, Ms. Stevenson made clear that Mr. Pirrone made the ultimate decision as to whether a domain name should be retained or transferred:

Q: And who makes the ultimate decision whether or not to transfer the domain name?

A: General Counsel and President of FirstLook.

Exhibit C, Deposition of Lily Stevenson, Pg. 17, Lines 21-23. These duties are also confirmed by the "Navigation Catalyst Systems Domain Registration Compliance Standard Operating Procedures," which states that NCS's trademark "blacklist is regularly updated by our compliance staff." Exhibit D, Misino Deposition Exhibit 94. When questioned as to who constituted the compliance staff, Ms. Stevenson stated,

Q: Do you know who the compliance staff would be?

A: Myself.

Q: Anyone else?

A: Compliance can fall under General Counsel also. So it depends.

Exhibit C, Deposition of Lily Stevenson, Pg. 111, Lines 20-24. Mr. Pirrone was also instrumental in creating the above-mentioned "Navigation Catalyst Systems Domain Registration Compliance Standard Operating Procedures," which outlines the administrative process of registering or transferring a domain name upon notification of a complaint:

Q: Did anyone help you in creating this document?

A: Yes.

Q: Who?

A: General Counsel.

Q: Who?

A: Chris Pirrone.

Exhibit C, Deposition of Lily Stevenson, Pg. 121, Lines 3-8. In accordance with this compliance procedure, Mr. Pirrone, along with FirstLook President Seth Jacoby, made the executive decision to retain or transfer a domain name:

> A: They would trigger the levels, the trademark levels below. And if I felt—and if I felt that it was high enough—you know, in enough sense where it's like yes, it's a company, I will send it over to Seth Jacoby and Chris Pirrone to make the final decision…..
>
> Q: To your knowledge, did Chris Pirrone go through every single domain?
>
> A: Yeah, yes.

Exhibit C, Deposition of Lily Stevenson, Pg 126, Lines 8-13, and Pg. 129, Lines 14-16.

Mr. Pirrone did not assess the risk of his client and provide his client with a legal opinion as to whether a domain name could be considered "identical or confusingly similar" to a trademark-holders' mark. Nor did Mr. Pirrone perform trademark clearances for potentially infringing domain names on behalf of NCS. Instead, Mr. Pirrone reviewed every domain name and made a choice, based on business risk and in conjunction with FirstLook's President Seth Jacoby, as to whether a domain name should be retained or transferred. It cannot be reasonably said that Mr. Pirrone acted as an attorney in these functions; no opinion letters were generated, and no trademark clearances were performed. At most, Mr. Pirrone acted in an executive and ministerial fashion and applied general concepts of trademark law in acting in this executive and

ministerial position. *Zenith* at 794-5. Consequently, the attorney-client privilege does not apply to Mr. Pirrone's actions and Defendant's Motion must be denied.

IV. Defendant's request for attorneys' fees must be denied because Plaintiff has a justified legal basis for requesting Mr. Pirrone's deposition

As stated above, Defendant's request for attorneys' fees must be denied because Plaintiff has a justified legal basis for requesting Mr. Pirrone's deposition. As General Counsel for NCS, Mr. Pirrone made the final choice as to whether a domain name should be retained or transferred. Mr. Pirrone, in combination with President Seth Jacoby, acted, in large part, as NCS's *mens rea*. Consequently, Mr. Pirrone's deposition is relevant to determine whether NCS willingly infringed upon Plaintiff's trademarks or acted with a bad faith intent to profit under the Anticybersquatting Consumer Protection Act. Since NCS waived attorney-client privilege in asserting an affirmative defense of good faith, or, alternatively, because Mr. Pirrone was not acting as an attorney in his executive and ministerial positions at NCS, Plaintiff's request to depose Mr. Pirrone is justified by the law and Defendant's request for attorneys fees must be denied.

CONCLUSION

Defendant's Motion for Protective Order must be denied. Defendant's citation of the Shelton decision is inapplicable to this case and, as such, should not be applied. Defendant voluntarily interjected its good faith into this proceeding and, in doing so, waived its right to claim attorney-client privilege. Alternatively, even assuming that Defendant did not waive attorney-client privilege, Chris Pirrone was not acting as an attorney, but rather acted in an executive and ministerial fashion, in determining

whether NCS should retain or transfer a domain name. Consequently, Defendant's Motion and request for attorneys' fees must be denied and the deposition of Mr. Pirrone should proceed.

Respectfully submitted this 30th day of November, 2010.

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CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of November, 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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