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 REPLY MEMORANDUM IN SUPPORT OF MOTION FOR PROTECTIVE ORDER

REPLY MEMORANDUM

I. *SHELTON* APPLIES TO IN-HOUSE COUNSEL

Unable to meet the strict requirements of *Shelton* (and, indeed, unable to even muster an argument that it could meet *Shelton*), Plaintiff instead argues that *Shelton* does not apply to attorneys who are not "trial counsel." Plaintiff is wrong. First, as Plaintiff concedes, the attorney whose deposition was sought to be taken in Shelton ***was*** in-house counsel, ***not*** trial counsel. *Shelton v. American Motors Corp.*, 805 F.2d 1323 (8th Cir. 1986). Second, other courts in this circuit have already considered this argument and concluded that *Shelton* applies equally to ***all*** opposing counsel, including in-house counsel. *See, e.g., Fresenius Medical Care Holdings, Inc. v. Roxane Labs., Inc.*, 2007 WL 543929 * (S.D. Ohio) ("In *Shelton*, the court set forth a three-part test for determining when taking the deposition of **either trial counsel or in-house counsel** for a party opponent in litigation may be appropriate.") (emphasis added). Indeed, one Court, after carefully examining all of the jurisprudence in this area, concluded:

> Given that the *Shelton* case itself-the nascence of this entire line of authority-developed and applied the heightened standard to a deposition of an opponent's in-house attorney, it could not be clearer that the standard was intended to apply to in-house attorneys engaged by the opposing party with involvement in the matter being litigated. The Sixth Circuit undoubtedly was aware of this when it adopted the *Shelton* analysis in *Nationwide* (since *Shelton'* s own facts involved an in-house attorney), and **never once has it so much as hinted that the test applies exclusively to trial counsel.**

Massillon Management LLC v. Americold Realty Trust, 2009 WL 614831 *4 (N.D. Ohio) (emphasis added). Since Plaintiff has not even attempted to explain to the Court how it satisfies the *Shelton* test (because it cannot), and since *Shelton* undoubtedly applies, the Motion should be granted on that basis alone.

II. DEFENDANT HAS NOT WAIVED THE ATTORNEY-CLIENT PRIVILEGE OR THE ATTORNEY WORK PRODUCT DOCTRINE.

In its opposition, Plaintiff essentially concedes that they do not want to depose Mr. Pirrone for purposes of what advice he may have provided regarding the domain names and trademarks *at issue.* Nor does Plaintiff identify what advice Mr. Pirrone provided to NCS that NCS is now using to defend itself in this matter so that it is using the attorney client privilege as both a sword and a shield. Instead, Plaintiff wants to inquire about what type of advice he provided to the company as a *matter of course* in its day-to-day operations because it might be "relevant." (Opp. at p. 5-6). Plaintiff provides absolutely no case law for such a broad waiver, and NCS certainly knows of none. To the contrary, case law is clear that "relevance" is not the test for determining disclosure of privileged information, and any waiver of the attorney-client privilege must be narrowly construed. *Rhone-Poulenc v. Home Indem Co.*, 32 F.3d 851, 864 (3d Cir. 1994) ("Relevance is not the standard for determining whether or not evidence should be protected from disclosure as privileged, and that remains the case even if one might conclude the facts to be disclosed are vital, highly probative, directly relevant or even go to the heart of an issue."); *Henry v. Quicken Loans, Inc.*, 263 F.R.D. 458 (E.D. Mich. 2008) ("[The Sixth Circuit] also noted that, as a matter of policy, implied waivers are to be construed narrowly, and the court 'must impose a waiver no broader than needed to ensure the fairness of the proceedings before it.'") *citing In re Lott*, 424 F.3d 446 (6th Cir. 2005).

Plaintiff also argues that by merely asserting a "good faith" affirmative defense, NCS has waived the attorney-client privilege. Notably, the cases cited for this proposition (*Cox, Bilzerian,* and *State Farm*) are not intellectual property cases. Those cases arise in a much

different context and are based on a much different set of facts.[1] In the intellectual property context, however, courts have consistently found that the mere pleading of a defense is insufficient to trigger a waiver. *See, e.g., Beneficial Franchise Co., Inc. v. Bank One, N.A.*, 205 F.R.D. 212, 216-17 (N.D. Ill. 2001) (adopting *Rhone-Poulenc* and finding that mere pleading of a defense without affirmatively relying upon advice of counsel is not sufficient to imply waiver). As the Court explained:

> As did the *Rhone-Poulenc* court, we do not believe that merely asserting a defense or a claim is sufficient, without more, to waive the privilege. Were it otherwise, then any party asserting a claim or defense on which it bears the burden of proof would be stripped of its privilege and left with the draconian choice of abandoning its claim and/or defense or pursuing and protecting its privilege. The impracticality of such a rule is revealed when viewed in reverse: waiver of the privilege would apply not only to assertions of affirmative defenses but also by parity of reasoning to claims raised by a plaintiff that require proof of a mental state-such as, a fraudulent inducement claim. Such a rule would exact too stiff a price for the assertion of commonly-pled claims and defenses.

Beneficial Franchise, 205 F.R.D. at 216-17.

III. SETH JACOBY, FIRSTLOOK'S PRESIDENT, CONFIRMED THAT MR. PIRRONE WAS ACTING IN HIS ROLE AS AN ATTORNEY.

In a last ditch effort to save its attempt to depose Mr. Pirrone, Plaintiff argues that Mr. Pirrone was not acting in the scope of an attorney providing legal advice. In support of this proposition, Plaintiff cites to various parts of the deposition transcript of Lily Stevenson, none of which actually support for that proposition. To the contrary, Ms. Stevenson makes clear that Mr. Pirrone was acting in his role as the company's General Counsel. In addition, Ms. Stevenson testified that certain decisions regarding what domain names to retain were made by Chris Pirrone, in his capacity as General Counsel, together with Seth Jacoby, in his capacity as

[1] Unfortunately, the page limitations of this brief prevent a full exegesis for why these cases are so easily distinguishable.

President of Firstlook. But, Plaintiff only provides half the story. Notably absent (and misleadingly so) is any reference to this issue from the deposition transcript of Mr. Jacoby, who noted, time and again, that he sought Mr. Pirrone's ***legal*** advice with respect to domain names (i.e., not business decisions with respect to a domain name such as whether such a name might be profitable):

> Q. Okay. And so someone like Chris Pirrone would have been involved in the domain acquisition side of the business, the search side of the business as well, correct?
>
> A. He would have only been involved to the extent that he was providing legal advice.
>
> Q. Okay. Would he not have also been involved in the decision as to whether or not to register certain domains?
>
> A. He would only be involved in that type of decision if it was escalated to legal to receive legal advice on whether or not to purchase a domain or not.

Deposition Transcript of Seth Jacoby at 34:19-35:6[2]. In addition, Mr. Jacoby testified:

> Q. Did he ever provide any advice?
>
> A. He provided legal advice, yes.
>
> Q. As to whether or not to register certain domains?
>
> A. Whether or not to register a domain name? I mean, legal advice, whether or not to register a domain name? If a domain name was a risk that our company should not have had, Chris would provide legal advice that this domain name should be disposed of, yes.

Jacoby Tr. at 41:13-22.

[2] Attached as Exhibit A.

Lastly, Plaintiff ***assumes*** that Mr. Pirrone made decisions based on "business risk" (as opposed to legal analysis) because no opinion letters were generated and no trademark clearances were performed. Opp. at 13. However, that assumption is disproved by Mr. Jacoby's clear and uncontroverted testimony that Mr. Pirrone provided him with legal advice (and only legal advice). The law does not require a lawyer to formally codify their advice with an opinion letter or a trademark clearance search. As it turns out, advice from an attorney can still be obtained through a conversation.

IV. CONCLUSION.

Plaintiff cannot meet the high standards of *Shelton*. Plaintiff cannot show that there was any waiver with respect to the facts of this case. Plaintiff cannot show that Mr. Pirrone was acting in any capacity other than as the company's lawyer. In light of this complete failure by Plaintiff, NCS respectfully requests that its Motion be granted, including its sanctions request.

RESPECTFULLY SUBMITTED this 17h day of December, 2010.

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CERTIFICATE OF SERVICE

I hereby certify that on December 17, 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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