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.

Enrico Schaefer (P43506)
Brian A. Hall (P70865)
TRAVERSE LEGAL, PLC
810 Cottageview Drive, Unit G-20
Traverse City, MI 49686
231-932-0411
enrico.schaefer@traverselegal.com
brianhall@traverselegal.com
Lead Attorneys for Plaintiff

Anthony P. Patti (P43729)
HOOPER HATHAWAY, PC
126 South Main Street
Ann Arbor, MI 48104
734-662-4426
apatti@hooperhathaway.com
Attorneys for Plaintiff

William A. Delgado
WILLENKEN WILSON LOH & LIEB LLP
707 Wilshire Boulevard, Suite 3850
Los Angeles, CA 90017
(213) 955-9240
williamdelgado@willenken.com
Lead Counsel for Defendants

Nicholas J. Stasevich (P41896)
Benjamin K. Steffans (P69712)
BUTZEL LONG, P.C.
150 West Jefferson, Suite 100
Detroit, MI 48226
(313) 225-7000
stasevich@butzel.com
steffans@butzel.com
Local Counsel for Defendants

NAVIGATION CATALYST SYSTEMS, INC.'S MOTION FOR CLARIFICATION ON ORDER DENYING MOTION FOR PROTECTIVE ORDER AND, IF NECESSARY, A STAY OF THE PIRRONE DEPOSITION

TO THIS HONORABLE COURT, ALL PARTIES, AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE THAT, Defendant Navigation Catalyst Systems, Inc. ("NCS") hereby moves this Court for clarification regarding its January 13, 2011 Order Denying NCS's Motion for Protective Order ("PO Order"). NCS seeks clarification as to whether the Court's PO Order completely precluded the assertion of either the attorney-client privilege and/or attorney work product privilege at a deposition of former general counsel, Chris Pirrone. To the extent that the Court clarifies that NCS is completely precluded from asserting either privilege and/or that either privilege has been waived, NCS respectfully requests an order staying the Pirrone deposition until such time as NCS has had an opportunity to seek a further stay from and petition the United States Court of Appeals for the Sixth Circuit for a Writ of Mandamus.

This Motion is based on the facts and arguments set forth in the accompanying Memorandum of Points and Authorities. The Motion is supported by the attached Memorandum of Points and Authorities, the Declaration of William A. Delgado filed concurrently herewith and the exhibits thereto, the case file, and the arguments of counsel that the Court would entertain at a hearing on this motion.

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The parties have met and conferred through correspondence and in person on January 31, 2011. NCS has explained the nature of the motion, its legal basis and requested but has not obtained, concurrence in the relief sought.

RESPECTFULLY SUBMITTED this 15th day of February, 2011.

/s/William A. Delgado
William A. Delgado (admitted *pro hac vice*)
WILLENKEN WILSON LOH & LIEB, LLP
707 Wilshire Boulevard, Suite 3850
Los Angeles, CA 90017
(213) 955-9240
williamdelgado@willenken.com
Lead Counsel for Defendants

MEMORANDUM OF POINTS AND AUTHORITIES

Statement of the Issues Presented

Whether the Court's PO Order completely precluded the assertion of either the attorney-client privilege and/or attorney work product doctrine at a deposition of former general counsel, Chris Pirrone?

I. INTRODUCTION

As NCS understands the Court's PO Order, it is obligated to produce Connexus's former General Counsel, Chris Pirrone, for deposition where he would answer questions pertaining to non-privileged matters. What NCS does not understand is whether, if Pirrone is asked a question which necessarily implicates the attorney-client or work product privilege, NCS can assert an objection to that question and instruct Pirrone not to answer.

So that the Court need not make a ruling on privilege and waiver in the abstract, and since the Court has, to date, been focused on whether Mr. Pirrone is a "decision-maker," NCS suggests that the Pirrone deposition go forward as to *non-privileged* matters so that there is clear testimony from Pirrone himself as to what, precisely, he did or did not do. Nevertheless, NCS should be allowed to object to specific questions on the basis of privilege. Objected-to questions can later be presented to this Court who, then having the benefit of the non-privileged portions of Pirrone's deposition, can make a determination as to whether or not those specific questions seek to unlawfully pierce the attorney-client or work product privilege.

On the other hand, to the extent that the Court clarifies that the PO Order means that Pirrone must answer all questions presented to him irrespective of whether a privilege is implicated, then NCS would respectfully request that the Court nevertheless stay the Pirrone deposition for a short period of time so that NCS can petition the United States Court of Appeals for the Sixth Circuit for mandamus.

II. STATEMENT OF FACTS

On November 8, 2010, NCS filed a Motion for Protective Order requesting that the Court prohibit the deposition of Chris Pirrone, the former General Counsel of Connexus. Docket No. 125. Plaintiff filed its response on November 30, 2010. Docket No. 135. NCS filed its reply to Plaintiff's response on December 17, 2010. Docket No. 142. The Court held a hearing on the Motion on January 13, 2011, at which time the Court denied the Motion, stating on the record:

> In reviewing this matter the Court finds that the limitations placed on *Shelton* in the Eighth Circuit should apply, and that is that the depositions of attorney is limited in two circumstances, when trial or litigation counsel are being deposed and when such questioning would expose litigation strategy in the pending case. Here it sounds like he's in the chain. I don't know whether you call this legal advice or not legal advice, you can argue about that, but it appears to me that this is the crux almost of this case and what he has decided, how he has decided, what procedures he has used, if he followed these procedures is critical to this case, and that we know that as a rule a party is entitled to discovery regarding any non-privileged matter that is relevant to any claim or defense and anyone, including attorneys, with relevant information may be subject to a deposition. I don't find this matter as being privileged and therefore -- I mean, it happens all the time in patent cases, and therefore the Court will deny the motion for a protective order.

Hearing Tr. at 44:3-22.

After the hearing, counsel for NCS ordered the transcript of the hearing and reviewed the Court's PO Order to determine its scope. Declaration of William A. Delgado, dated February 15, 2011, at ¶ 2. On January 24, 2011, counsel for NCS wrote to counsel for Plaintiff to explain that the undersigned was not clear on the scope of the PO Order and whether the Court intended to rule that NCS could not claim any privilege at all. Delgado Decl. at ¶ 3. On January 31, 2011, the parties met and conferred regarding the correspondence but did not agree on the scope of the PO Order. Delgado Decl. at ¶ 4. This motion follows.

III. ARGUMENT

A. Request for Clarification.

As NCS understands the PO Order, NCS must produce Mr. Pirrone for deposition (assuming there are no other procedural issues).[1] NCS further understands that, at said deposition, Mr. Pirrone would answer questions as to non-privileged matters. Chief among these would be what role he played in the domain name registration process, if any.

What NCS does not understand, however, is whether the Court's PO Order necessarily means that Mr. Pirrone must also answer questions posed to him that would implicate the attorney-client privilege and/or attorney work product privilege and whose answer would necessarily waive such privileges. NCS's confusion arises for the following reasons.

First, in its ruling, the Court stated that "it sounds like he's in the chain. I don't know whether you call ***this*** legal advice or not legal advice, you can argue about that" and that "I don't find ***this matter*** as being privileged—and therefore—I mean, ***it happens all the time*** in patent cases…" (Emphasis added). Respectfully, NCS does not know what the Court meant by "this," "this matter," or "it happens all the time" as emphasized. Counsel's confusion stems from the fact that the Court's ruling from the bench followed an argument by Plaintiff which was wholly unsupported by the record thereby making it unclear to NCS what the Court had in mind in making its ruling. For example:

[1] As the Court may recall, oral depositions were limited in this matter to seven (7) depositions per side. Plaintiff has already taken seven depositions (30(b)(6) of NCS, Seth Jacoby, Mavi Llamas, Lily Stevenson, Dennis Rhee, Richard Korf and John Berryhill). Delgado Decl. at ¶ 5. Two deponents (Korf and Berryhill) were expert witnesses. *Id.* Therefore, to the extent that the Court intended the seven deposition limit to apply to all deponents (i.e., percipients *and* experts), then a modification of the Court's scheduling order would be required for the Pirrone deposition to go forward. Modifying the scheduling order in this regard requires just cause. Fed. R. Civ. P. 15(b)(4); *Shane v. Bunzl Distrib. USA, Inc.*, 275 Fed. Appx. 535, 536-37 (6th Cir. 2008).

- Plaintiff's counsel stated: "What we do have an interest in is to find out why Mr. Pirrone decided to register domains that incorporated our trademarks, and it is clear from the testimony…that he, in fact, was at least a, if not the, decision-maker in terms of registering the domains." Hearing Tr. at 38:11-16. He also stated that "Lily Stevenson also says Pirrone—she consults Pirrone on trademark matches, whether to register a domain….So, again, the key witness on why did you register this domain…is Mr. Pirrone." Hearing Tr. at 40:9:13.
    - In fact, however, none of the deposition testimony submitted by the parties with respect to the Motion for Protective Order (or any other filing for that matter) supports the argument that Mr. Pirrone played any role in the day-to-day domain name registration process at all. Further, Ms. Stevenson certainly said nothing of the sort attributed to her by counsel. Those arguments were simply unsupported.
    - In addition, as can be seen from the exhibits to the recently filed First Amended Complaint, many of the domains that are at issue were registered ***before*** April 2007. Publicly-available information (i.e., a profile from the website LinkedIn)[2] reveals that Mr. Pirrone did not join Connexus until April 2007 so that it would have been impossible for him to have "decided to register domains that incorporated [Plaintiff's] trademarks" to the extent such registrations occurred before April 2007.

[2] To date, Plaintiff has regularly marked as a deposition exhibit the LinkedIn Profile of deponent-employees connected with Defendant. Delgado Decl. at ¶ 6. As such, Plaintiff is clearly familiar with the website and has undoubtedly reviewed Mr. Pirrone's information.

- Plaintiff's counsel also argued that Donnie Misino testified that "[Pirrone] is actually deciding if a domain is kept." Hearing Tr. 41:7-11.
    - The pages from the Misino transcript submitted by Plaintiff in response to the Motion for Protective Order do not support this argument.
- Plaintiff's counsel also argued that if the NCS software generated a 75 percent fuzzy match the "software would automatically spin it upstairs to people like Chris Pirrone, in fact, apparently primarily Chris Pirrone. And then before they would register it…Chris Pirrone is the person who makes that decision." Hearing Tr. 41:16-24.
    - None of the testimony submitted by Plaintiff in its papers supports that argument nor does any such testimony exist. In fact, it is plainly untrue.
    - To the contrary, during the registration process, the NCS software identifies potential domain names to be registered that match a trademark in the PTO database either through a fuzzy match or an n-gram match at a 60% threshold level. Three human reviewers (Dennis Rhee, David Hull, and Lily Stevenson but ***not*** Chris Pirrone) then review potential domain names and make a decision whether to exclude the potential domain name from registration in a sequential order (i.e., first Dennis, then David, then Lily, then back to Dennis). That information is not forwarded to Mr. Pirrone nor does he make a decision on registration based on this "match" information. Docket No. 127 (Expert Report of Richard Korf, explaining NCS's registration process and use of software).

Given Plaintiff's arguments at the hearing, NCS can certainly understand where the Court is coming from: assuming Pirrone made the decision to register the domain names which Plaintiff claims violate their marks, then he should appear for deposition and explain why he did so. The problem is that he did ***not***. So, given that this is the case, what does the Court's PO Order mean? Certainly NCS can produce Mr. Pirrone to testify "I played no role in the day-to-day registration process" and "I played no role in deciding to register the domain names at issue in this case" but, as was made clear during the meet and confer process, Plaintiff believes that the Court's PO Order goes beyond that and obligates Mr. Pirrone to answer questions that implicate the attorney-client privilege and/or work product privilege. Thus, clarification is requested as to the precise scope of the PO Order and whether NCS can still interpose an objection based on such privileges.

The Court's finding that "this matter was not privileged" presents a second issue. As the Court may recall, Plaintiff began the meet and confer process on the underlying Motion for Protective Order by setting forth its position in a letter as to why NCS had ***waived*** the attorney-client privilege. Docket No. 126, Ex. B. It similarly devoted most of its opposition to the Motion to that same point. Docket No. 135. In other words, Plaintiff is not simply going to ask questions about "matters that are not privileged." It fully intends to ask questions that will seek to ***pierce*** the privilege and will almost certainly rely on the Court's PO Order for the proposition that NCS can no longer interpose the privilege.

In the most recent meet and confer conversation, Plaintiff's counsel re-affirmed its desire to ask such questions, indicating that he was going to inquire about why certain procedures were implemented and would pose other questions that even Plaintiff's counsel admitted were "gray"

(in that it is not clear whether the attorney-client or work product privilege would be waived with respect to testimony about such matters). The previous litigation between Verizon and NCS is one such area where "gray" questions may arise. Delgado Decl. at ¶ 7. Questions about a previous litigation would necessarily trigger an invocation of multiple privileges. After all, decisions made ***during*** the Verizon litigation would have almost certainly been made in conjunction with outside counsel, so questioning about such decisions would seek to pierce multiple privileges: the attorney-client privilege between outside counsel and the company, the attorney work product privilege of outside counsel, the attorney work product privilege belonging to Pirrone, and the attorney-client privilege between Pirrone and his in-house clients.

For this second reason, NCS requests clarification as to how to construe the Court's finding that "this matter was not privileged." For its part, NCS sees four potential construction and respectfully requests the Court for clarification as to which it meant (or, if it means something else altogether, to identify that):

1. That Plaintiff can inquire into non-privileged matters but that, as to privileged matters, NCS can still interpose an objection and an instruction not to answer.
2. That Plaintiff can inquire into any matter whatsoever because no attorney-client privilege or work product ever existed.
3. That Plaintiff can inquire into any matter whatsoever because the attorney-client and work product privilege are deemed waived simply by Plaintiff's filing of a claim under the Anti-Cybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d).

4. That Plaintiff can inquire into any matter whatsoever because the attorney-client and work product privilege were deemed waived by NCS's assertion of a "good faith" defense.

For the reasons set forth in Section B, NCS respectfully submits that, at this juncture and given the state of the record, the first construction is the best construction.

Lastly, NCS's confusion is also based on the statement that "it happens all the time in patent cases." To the extent that the Court is referring to the deposition of an attorney that is taken because the attorney has non-privileged information as to how a patented invention works, then NCS understands the PO Order to mean that similarly, here, Mr. Pirrone can testify as to *non-privileged* information as to how the registration process works. However, to the extent the Court was referring to those patent cases where the defendant explicitly puts privileged information at issue to avoid a finding of willful infringement and there is a ruling by the Court that the privilege has been waived as a result, then NCS would disagree with the Court's application of such cases to this case and would want to seek a writ, as explained in Section C below.

B. <u>NCS's Suggestion for How to Proceed</u>

NCS respectfully requests that the Court abstain from ruling on whether the attorney-client and/or work product privilege has been waived at this juncture. Neither the record nor the caselaw supports such a ruling. Rather, NCS would suggest that the Pirrone deposition proceed as to non-privileged matters; that Plaintiff ask whatever questions it intends to ask; and that NCS be allowed to interpose an objection on privilege and an instruction not to answer where appropriate. If that procedure is followed and there is still testimony which Plaintiff seeks that

was not provided due to a privilege, the parties can present their positions to the Court but with the added benefit of: (i) having deposition transcript where Chris Pirrone, under penalty of perjury, testifies as to what his role actually was and (ii) having a specific set of questions which can be analyzed in the context of whether they are relevant and whether a privilege exists and/or has been waived with respect to such questions.[3]

NCS is confident that upon review of the non-privileged aspects of the deposition transcript, the Court will find that any questions that still remain open improperly seek to pierce the attorney-client or work product privilege and that those such privileges have not been waived.

C. Request for Stay

On the other hand, to the extent the Court clarifies that it intended to rule that the attorney-client and/or attorney work product privilege never existed or that they have somehow been waived, then NCS would respectfully request a stay of the deposition so that NCS can have the opportunity to petition the United States Court of Appeals for the Sixth Circuit for a Writ of Mandamus before having to produce Mr. Pirrone for deposition.

Courts consider the following four factors when determining whether to grant a stay pending the filing of a petition of mandamus:

> 1) the likelihood that the moving party will prevail on the merits of the petition; 2) the likelihood that the moving party will be irreparably harmed absent a stay; 3) the prospect that others will be harmed if the Court grants the stay; and 4) the public interest in granting the stay. *McGuire v. Warner*, No. 05-40185, 2009 WL

[3] A subsequent examination of specific questions that came up during the deposition would be better than having a list of "approved" and "disapproved" topics ahead of time since certain topics, such as the Verizon litigation, will have questions that are both non-privileged and privileged. As such, there can be no general "rule" as to whether a topic, in total, is okay or not.

> 3823038, at *3 (E.D. Mich Nov. 12, 2009) (internal citations omitted).

Although rarely considered by the district courts in the Sixth Circuit, "district courts in other circuits have granted stays pending petitions for writ of mandamus." *Sloan v. BorgWarner, Inc.*, No. 09-CV-10918, 2009 WL 2524750, at *2 (E.D. Mich Aug. 14, 2009) (citing *Ruppert v. Principal Life Ins. Co.*, No. 06-cv-903-DRH, 2007 WL 2025233 (S.D. Ill. July 9, 2007)). Here, a balancing of these four factors indicates that a stay would be appropriate.

First, there would be significant and irreparable harm if Mr. Pirrone was obligated to immediately testify about matters that the Sixth Circuit later ruled were privileged because there would be no way to "unring the bell." As the *Lott* Court explained, once there is an unlawful piercing of the privilege, even if later remedied on appeal, "[t]he damage to the attorney-client relationship will have already been done by the disclosure itself. If we eat away at the privilege by expanding the fiction of 'waiver' (which normally requires an intelligent and knowing relinquishment), pretty soon there will be little left of the privilege…Mandatory disclosure of the communications is the exact harm the privilege is meant to guard against." *In re Lott*, 424 F.3d 446, 451 (6th Cir. 2005) (granting petition for writ and holding that assertion of actual innocence did not effect waiver of attorney-client privilege or attorney product privilege). Ironically, the harm would not just be to defendants. If the Sixth Circuit ultimately held that Plaintiff's counsel had unlawfully pierced the privilege in a deposition, NCS would seek Plaintiff's counsel's disqualification because it would be the recipient of privileged information that they could not simply forget.

Second, there will be no prejudice to Plaintiff in granting a stay. No trial date has been set in this matter such that the deposition must take place immediately. Moreover, at present,

there are various threshold jurisdictional issues which are still pending. The briefing on the most-recently filed Motion to Dismiss is not set to be concluded until March 18, 2011. On February 10, 2011, NCS filed its own Motion to Compel, the hearing for which has been scheduled for late March 2011. And, the parties are in the midst of briefing a Motion for Stay in the Central District of California (to be heard on March 7, 2011) which will determine whether or not the California action will move forward at the same time as this action. In short, there are various other issues with which the parties are dealing such that a short stay sufficient to see whether or not the Sixth Circuit will hear this matter through a writ proceeding would not be prejudicial.

Third, there is great public interest in allowing NCS the opportunity to at least petition the Sixth Circuit for mandamus before having to produce Pirrone for deposition since the issue of whether the attorney-client privilege has been waived is of crucial importance. As the *Lott* Court noted, "[i]t is not hyperbole to suggest that the attorney-client privilege is a necessary foundation for the adversarial system of justice." *In re Lott*, 424 F.3d at 450.

Lastly, NCS is likely to prevail on its writ. To the extent that the Court finds that the attorney-client privilege and/or work product privilege has been completely waived either because Plaintiff has filed an ACPA claim or because of the assertion of a good-faith affirmative defense, such a finding would be contrary to the Sixth Circuit's precedential decision in *Lott*. *In re Lott*, 424 F.3d at 453, fn. 8 ("Implied waivers are consistently construed narrowly. Courts 'must impose a waiver no broader than needed to ensure the fairness of the proceedings before it.'").

Since all four factors weigh in favor of a stay pending writ review, NCS respectfully requests for one so that it may petition the Sixth Circuit accordingly. NCS would file said writ within two weeks of receiving the Court's order for clarification.

IV. CONCLUSION

For the foregoing reasons, NCS respectfully requests that the Court clarify its earlier PO Order and, if necessary, for a stay of the Pirrone deposition pending writ review by the Sixth Circuit.

RESPECTFULLY SUBMITTED this 15th day of February, 2011.

/s/William A. Delgado
William A. Delgado
WILLENKEN WILSON LOH & LIEB, LLP
707 Wilshire Boulevard, Suite 3850
Los Angeles, CA 90017
(213) 955-9240
williamdelgado@willenken.com
Lead Counsel for Defendants

CERTIFICATE OF SERVICE

I hereby certify that on February 15, 2011, I electronically filed the foregoing paper with the Court using the ECF system which will send notification of such filing to the following:

Enrico Schaefer (P43506)
Brian A. Hall (P70865)
TRAVERSE LEGAL, PLC
810 Cottageview Drive, Unit G-20
Traverse City, MI 49686
231-932-0411
enrico.schaefer@traverselegal.com
brianhall@traverselegal.com
Lead Attorneys for Plaintiff

Nicholas J. Stasevich (P41896)
Benjamin K. Steffans (P69712)
BUTZEL LONG, P.C.
150 West Jefferson, Suite 100
Detroit, MI 48226
(313) 225-7000
stasevich@butzel.com
steffans@butzel.com
Local Counsel for Defendants

Anthony P. Patti (P43729)
HOOPER HATHAWAY, PC
126 South Main Street
Ann Arbor, MI 48104
734-662-4426
apatti@hooperhathaway.com
Attorneys for Plaintiff

William A. Delgado (admitted *pro hac vice*)
WILLENKEN WILSON LOH & LIEB LLP
707 Wilshire Boulevard, Suite 3850
Los Angeles, CA 90017
(213) 955-9240
williamdelgado@willenken.com
Lead Counsel for Defendants

/s/William A. Delgado
William A. Delgado
WILLENKEN WILSON LOH & LIEB, LLP
707 Wilshire Boulevard, Suite 3850
Los Angeles, CA 90017
(213) 955-9240
williamdelgado@willenken.com
Lead Counsel for Defendants