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; CONNEXUS CORP., a Delaware corporation; FIRSTLOOK, INC., a Delaware corporation; and EPIC MEDIA GROUP, INC., a Delaware corporation;

Defendants.

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

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PLAINTIFF'S RESPONSE TO DEFENDANT'S MOTION FOR CLARIFICATION ON ORDER DENYING MOTION FOR PROTECTIVE ORDER AND, IF NECESSARY, A STAY OF THE PIRRONE DEPOSITION

NOW COMES Plaintiff, The Weather Underground, Inc. (hereafter "Plaintiff"), by and through its counsel, Traverse Legal, PLC, and responds to Defendant's Motion for Clarification on Order Denying Motion for Protective Order and, if Necessary, a Stay of the Pirrone Deposition as follows:

INTRODUCTION

The Court issued its ruling denying Defendant's Motion for Protective Order and allowing the deposition of Defendant Connexus's former counsel, Chris Pirrone, to go forward. (See Court's Order Denying Protective Order, Exhibit A). Plaintiff's previously filed Reply to Defendant's Motion for Protective Order and Brief in Support are incorporated herein by reference because Defendant's Motion is a rehash of the same arguments made in its prior Motion.

ARGUMENT

A. The Court's Prior Ruling.

Defendant now claims in its Motion for Clarification of the Court's Order Denying Protective order it does not understand the Court's ruling and claims that:

> "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."(Defendant's Brief p. 7)

Counsel for Plaintiff was quite clear at the hearing it did not intend to ask Mr. Pirrone about privileged matters that implicate trial strategy or anything unrelated to the

retention or registration of potentially infringing domain names and which may implicate NCS's bad faith intent to profit from those domains. The transcript states:

> "A couple things right out of the gate. We are not asking for a complete waiver of everything that Mr. Pirrone every said or did with regards to his representation in-house or otherwise with Navigation Catalyst Systems. Unlike Shelton, which clearly does not apply in this case, we are not asking for any information about how the decisions were made in defending this case, which is what the Shelton case is. Plaintiffs were looking to take the deposition of the attorney, trial counsel, in-house counsel, it doesn't matter how it gets designated, concerning issues after the filing of the case concerning the defense of the case. We have already told them we have no interest in that.
>
> What we do have an interest in is to find out why Mr. Pirrone decided to register domains that incorporated our trademark, and it is clear, contrary to what brother counsel is saying, 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.
>
> So the very -- this case really has gotten much simpler since we saw you last, Your Honor. They don't really contest the trademarks. They don't contest potentially that they might be infringing. What they do contest is that they registered these domains with a bad-faith intent to profit. And specifically their affirmative defense number eight is that they engaged in all sorts of trademark activities trying so hard to keep the trademarks out of their portfolio that, in fact, they acted in good faith. So we have under the statute 15 U.S.C. 1125(D)(B)(i) the standard which is if somebody registers a trademark-protected domain with a bad-faith intent to profit, intent, they are subject to $100,000 per domain name, and then under -- then it gives the elements of what might be bad-faith intent.
>
> And then under (2) there is an instruction that says bad-faith intent shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name -- that they had a good faith grounds for registering the domain name, and they are asserting that defense. Well, the person, the key witness in the whole case who made these final decisions appears to have been Mr. Pirrone. So we feel that we are entitled -- the person whose intent at the core of the case on at least a large number of these domain names is Mr. Pirrone."

* * *

> "So unlike Shelton, Your Honor, we are not going to be, and we have already told them we are not going to be, asking any questions about why did you defend this case this way, how did you decide, you know, what to do in this case once this case was filed. What we do want to ask him about is how he developed those procedures which supposedly they rely on as the backbone of their good-faith intent, whether or not they actually would ever apply because they didn't appear to be, and why he decided which domains he reviewed and how it is that he decided to keep a domain with a 95 percent trademark match, for instance." (Exhibit B, January 26, 2011, Hearing Transcript, pp. 37-39, 42).

The Court found that Mr. Pirrone was part of the decision making chain concerning the registration or retention of trademarked domain names:

> "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." (Exhibit B, p. 44.)

The Court has already concluded that as it pertains to the issues of Mr. Pirrone's role in the process of retaining or discarding domain names as potentially infringing on trademarks and setting up those systems used by others who identify and register domain names such as Lily Stevenson, that he may be deposed by Plaintiff without further interference.

Defendant NCS is simply rearguing the previous Motion for Protective Order claiming that Mr. Pirrone's characterization as a potential decision maker relative to domains names is inaccurate. Defendant should be styling its present Motion as one for Reconsideration or Rehearing which is a motion not available under the Federal

Rules of Civil Procedure. The Local Rules for the Eastern District, on the other hand, provide a Motion for Reconsideration must be filed within 14 days of the entry of the judgment or order. *LR 7.1(g)(1).* The Court issued its Order on January 14, 2011 and Defendant filed its Motion on February 15, 2001 and is too late for reconsideration by the Court. The Local Rule further provides, "the court will not grant motions for rehearing or reconsideration that merely present the same issues ruled upon by the court, either expressly or by reasonable implication." *LR. 7.1(g)(2).* The argument underlying Defendant's Motion is that Chris Pirrone is not a decision maker he is an attorney dispensing legal advice which is the same argument this Court rejected previously and which should not be reviewed a second time by the Court.

The issue of whether NCS is a bad faith cybersquatter in this case and whatever Chris Pirrone's participation is with respect to the process of registering and/or retaining domain names with potential trademark problems is a paramount issue in the case as this Court has already acknowledged in its prior ruling on this matter. Defendant has asserted as an affirmative defense it acted in good faith in the registration of Plaintiff's trademarked names and it is clear from deposition testimony cited in Plaintiff's previous Brief that Chris Pirrone was involved in the process. For example, Lily Stevenson testified Mr. Pirrone was a prime decision maker in the process selection and retention of domain names as follows:

> 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. 17:21-23.

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. 111:20-24.

Mr. Pirrone was also instrumental in creating the "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. 121:3-8.

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. 126:8-13 and Pg. 129:14-16.

It cannot be said that Mr. Pirrone acted as counsel in this review process as there were no opinion letters generated and no trademark clearances performed. The Court clearly found that Mr. Pirrone's involvement was executive and administrative and not privileged:

> "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." (Exhibit B, p. 44).

In fact, Mr. Pirrone is now listed on the Epic Media Group website biography as **both** the former *Chief Administrative Officer* **and** General Counsel for Connexus Corporation! (See *Exhibit D,* Chris Pirrone Bio.*)* Obviously, Pirrone wore multiple hats in his positions with Connexus, including Chief Administrative Officer, which NCS continues to ignore has never acknowledged in its arguments to the Court.

Nevertheless, this Court has already ruled that Mr. Pirrone's involvement in the decision making process concerning the retention of domains was not privileged in that Pirrone was part of the review process and he was acting in primarily an administrative capacity (See, *Zenith Radio Corp. v. Radio Corp. of Am.*, 121 F. Supp. 792, 794-95 (D. Del. 1954)), but that in the end it does not matter whether Defendant wants to label it privileged or not because as the Court noted, "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." (Exhibit B, p. 44). The deposition of counsel happens in patent cases and non-patent cases because the issue of good faith reliance on an attorney's opinion as it relates to the Defendant's conduct was put at issue in the case. *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). Even if the parties disagree and argue as to whether the attorney information is privileged as the Court's opinion indicates may continue, the Court's ruling ultimately turns on the fact that NCS is claiming it acted in good faith and therefore any privilege which may have attached, if any, is waived. The Court's ruling is neither complicated nor mysterious and the matter should not be reheard.

As indicated at the outset and during oral argument during the last hearing, Plaintiff has requested Mr. Pirrone's deposition relative to how he was involved in the process of registering and retaining domain names including the formulation of procedures or directives for selecting or retaining potentially infringing domain names.

There is nothing confusing about the Court's ruling in this matter and Chris Pirrone's deposition should go forward as ordered by the Court.

B. Request for Stay.

Defendant urges the Court in the absence of the relief it requests to issue of stay of proceedings while it appeals the issue of whether there was privilege and whether the privilege was waived to the Sixth Circuit Court of Appeals. In reliance on the request for stay it cites *In re Lott*, 424 F.3d 446, 451 (6th Cir. 2005) to suggest there would be irreparable harm caused by such a disclosure of arguably privileged information. In *Lott* the Defendant was convicted of first degree murder and sentenced to death. During a habeus corpus proceeding the District Court ruled that since the Defendant claimed actual innocence he waived his attorney-client privilege as to the issue of whether he had actually confessed to the crime, and ordered discovery and the deposition of Lott's trial counsel. The Court identified five factors for consideration in whether to grant the extraordinary writ of mandamus as follows:

> (1) The party seeking the writ has no other adequate means, such as direct appeal, to attain the relief desired.
> (2) The petitioner will be damaged or prejudiced in a way not correctable on appeal.
> (3) The district court's order is clearly erroneous as a matter of law.
> (4) The district court's order is an oft-repeated error, or manifests a persistent disregard of the federal rules.
> (5) The district court's order raises new and important problems, or issues of law of first impression.

Lott at 451.

The Court in *Lott* recognized and emphasized the clear error made by the District Court at the outset and the obvious harm that would occur under the circumstances

where a death row Defendant's confession would be potentially discovered and publicized, and in granting the writ stated, "The District Court's order constitutes a departure from existing law for which we find no precedent." *Lott* at 449. The case before this Court does not implicate a determination by the Court unsupported by precedent that is clearly erroneous nor the confession of a death row murder Defendant. The Court of Appeals will not hear a petition for a writ for mandamus under the tests enunciated by the Court in *Lott* in this case and a stay of proceedings is completely unwarranted. The case should proceed pending any effort by Defendant to seek a writ of mandamus in this case.

Conclusion

The Court has ruled Plaintiff is entitled to the deposition of Chris Pirrone, that the issues surrounding the selection, retention or procedures utilized for the selection of domain names are not privileged, and if they were privileged, the privileged has been waived because NCS asserts it acted in good faith in registering and retaining domain names that infringe on trademarks. There is no basis for the Court to change it's previous ruling nor any basis to grant a stay pending any petition for Writ of Mandamus to the Sixth Circuit Court of Appeals.

Respectfully submitted this 1st day of March, 2011.

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CERTIFICATE OF SERVICE

I hereby certify that on March 1, 2011, 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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