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 NAVIGATION CATALYST SYSTEMS, INC.'S MOTION TO COMPEL FURTHER RESPONSES AND PRODUCTION OF DOCUMENTS

NOW COMES Plaintiff, The Weather Underground, Inc. (hereafter "Plaintiff"), by and through its counsel, Traverse Legal, PLC, and responds to Defendant Navigation Catalyst Systems, Inc.'s (hereafter "Defendant") Motion to Compel Further Responses and Production of Documents as follows:

STATEMENT OF ISSUES PRESENTED

Defendant has presented one question, which follows:

1. Whether Plaintiff documents read and considered by a designated, testifying expert, which would otherwise fall within the attorney-client privilege or the attorney work product doctrine, are discoverable by the opposing party?

Plaintiff's Position: Plaintiff asserts that all of the discoverable communications between Plaintiff's counsel and the testifying expert have been produced as provided in Rule 26 of the Federal Rules of Civil Procedure.

INTRODUCTION

Defendant seeks an order compelling further responses to Defendant's Third Set of Requests for Production of Documents, together with an exhibit from Expert Chris Schwerzler's deposition designated as Exhibit 220, which is a privileged email chain between counsel and Mr. Schwerzler (See Defendant's Brief Exhibit H). Mr. Schwerzler is on the Board of Directors and is a key employee of Plaintiff, The Weather Underground. Mr. Schwerzler was also designated as an expert during the pendency of this litigation due to his technical knowledge in source coding and degree in computer

science. Mr. Schwerzler was requested to provide opinions on Defendants' software programs for identifying trademarks prior to registering domain names and as he stated unequivocally in his report he is not testifying on the issue of liability. Mr. Schwerzer's expert report is attached as *Exhibit A* and filed under seal. As a Corporate Director of Weather Underground Mr. Schwerzler is also a primary decision maker within the Company and will be a decision maker relative to issues such as litigation strategy and whether this case is settled or litigated to completion.

Plaintiff has provided all materials reviewed and/or prepared by Mr. Schwerzler in this matter pursuant to Defendant's discovery requests and that relate to the formation of his opinions as an expert in this matter (See Plaintiff's Response to Defendant's Third Interrogatories, *Exhibit B*). Defendant requests absolutely everything Mr. Schwerzler may have reviewed from trial counsel since the date he was identified as an expert regardless of the hat Mr. Schwerzler was wearing for Weather Underground during that time frame. Defendant seeks the disclosure of otherwise privileged information and work product materials in its Motion that are completely unrelated to Mr. Schwerzler's role as an expert in this case.

ARGUMENT

A. The Current Version of Rule 26 Applies in Pending Cases as provided by Supreme Court Order

Mr. Schwerzler is a Director and Chief Technology Officer of Plaintiff and was designated as testifying as its expert witness on August 16, 2010. Both prior to his designation as an expert and thereafter, counsel continued to routinely correspond with

Weather Underground employees concerning a number of issues in the case, including counsel's impressions concerning the status of the case and other privileged communications which bear on issues such as trial strategy or settlement. As demonstrated in the email chain identified as Exhibit 220 of Mr. Schwerzler's deposition and attached to Defendant's Brief, Mr. Schwerzler is privy to such privileged information. Nevertheless, counsel for Plaintiff's counsel also corresponded with Mr. Schwerzler exclusively in his capacity as an expert witness, providing input, material, data and commentary on scope of work, all of which was produced. Plaintiff has produced all items pursuant to Defendant's Third Request for Production of Documents for which it now seeks supplemental information in the form of all communications and materials concerning matters which may be wholly unrelated to Mr. Schwerzler's role as an expert in this matter.

Plaintiff also inadvertently produced for Mr. Schwerzler's deposition an email chain between Mr. Schwerzler and counsel concerning counsel's impressions of the case as the Court can see from the email chain which Defendant has attached to its Motion as Exhibit H (filed under seal), and which Defendant also seeks in discovery and which Rule 26 would prohibit from disclosure absent a showing of substantial need. F.R.C.P. 26 now states in relevant part as follows:

> **Rule 26. Duty to Disclose; General Provision-Governing Discovery.**
> **(a) Required Disclosures**
> * * * * * *
> **(2)** ***Disclosure of Expert Testimony.***
> **(A)** *In General.* In addition to the disclosures required by Rule 26(a)(1), a party must disclose to the other parties the identity of any witness it may use at trial to present evidence under Federal Rule of Evidence 702, 703, or 705.

(B) *Witnesses Who Must Provide a Written Report.* Unless otherwise stipulated or ordered by the court, this disclosure must be accompanied by a written report—prepared and signed by the witness—if the witness is one retained or specially employed to provide expert testimony in the case or one whose duties as the party's employee regularly involve giving expert testimony. The report must contain:

(i) a complete statement of all opinions the witness will express and the basis and reasons for them;

(ii) the facts or data considered by the witness in forming them;

(iii) any exhibits that will be used to summarize or support them;

(iv) the witness's qualifications, including a list of all publications authored in the previous 10 years;

(v) a list of all other cases in which, during the previous 4 years, the witness testified as an expert at trial or by deposition; and

(vi) a statement of the compensation to be paid for the study and testimony in the case.

(C) *Witnesses Who Do Not Provide a Written Report.* Unless otherwise stipulated or ordered by the court, if the witness is not required to provide a written report, this disclosure must state:

(i) the subject matter on which the witness is expected to present evidence under Federal Rule of Evidence 702, 703, or 705; and

(ii) a summary of the facts and opinions to which the witness is expected to testify.

(D) *Time to Disclose Expert Testimony.* A party must make these disclosures at the times and in the sequence that the court orders. Absent a stipulation or a court order, the disclosures must be made:

(i) at least 90 days before the date set for trial or for the case to be ready for trial; or

(ii) if the evidence is intended solely to contradict or rebut evidence on the same subject matter identified by another party under Rule 26(a)(2)(B) or (C), within 30 days after the other party's disclosure.

(E) *Supplementing the Disclosure.* The parties must supplement these disclosures when required under Rule 26(e).

* * * * *

(b) Discovery Scope and Limits.

* * * * *

(3) ***Trial Preparation: Materials.***

(A) *Documents and Tangible Things*. Ordinarily, a party may not discover documents and tangible things that are prepared in anticipation of litigation or for trial by or for another party or its representative

(including the other party's attorney, consultant, surety, indemnitor, insurer, or agent). But, subject to Rule 26(b)(4), those materials may be discovered if:

(i) they are otherwise discoverable under Rule 26(b)(1); and

(ii) the party shows that it has substantial need for the materials to prepare its case and cannot, without undue hardship, obtain their substantial equivalent by other means.

(B) *Protection Against Disclosure*. If the court orders discovery of those materials, it must protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of a party's attorney or other representative concerning the litigation.

(C) *Previous Statement*. Any party or other person may, on request and without the required showing, obtain the person's own previous statement about the action or its subject matter. If the request is refused, the person may move for a court order, and Rule 37(a)(5) applies to the award of expenses. A previous statement is either:

(i) a written statement that the person has signed or otherwise adopted or approved; or

(ii) a contemporaneous stenographic, mechanical, electrical, or other recording—or a transcription of it —that recites substantially verbatim the person's oral statement.

(4) ***Trial Preparation: Experts.***

(A) *Deposition of an Expert Who May Testify.* A party may depose any person who has been identified as an expert whose opinions may be presented at trial. If Rule 26(a)(2)(B) requires a report from the expert, the deposition may be conducted only after the report is provided.

(B) *Trial-Preparation Protection for Draft Reports or Disclosures.* Rules 26(b)(3)(A) and (B) protect drafts of any report or disclosure required under Rule 26(a)(2), regardless of the form in which the draft is recorded.

(C) *Trial-Preparation Protection for Communications Between a Party's Attorney and Expert Witnesses.* Rules 26(b)(3)(A) and (B) protect communications between the party's attorney and any witness required to provide a report under Rule 26(a)(2)(B), regardless of the form of the communications, except to the extent that the communications:

(i) relate to compensation for the expert's study or testimony;

(ii) identify facts or data that the party's attorney provided and that the expert considered in forming the opinions to be expressed; or

(iii) identify assumptions that the party's attorney provided and that the expert relied on in forming the opinions to be expressed.

(D) *Expert Employed Only for Trial Preparation.* Ordinarily, a party may not, by interrogatories or deposition, discover facts known or

> opinions held by an expert who has been retained or specially employed by another party in anticipation of litigation or to prepare for trial and who is not expected to be called as a witness at trial. But a party may do so only:
>
> **(i)** as provided in Rule 35(b); or
>
> **(ii)** on showing exceptional circumstances under which it is impracticable for the party to obtain facts or opinions on the same subject by other means.
>
> **(E)** *Payment.* Unless manifest injustice would result, the court must require that the party seeking discovery:
>
> **(i)** pay the expert a reasonable fee for time spent in responding to discovery under Rule 26(b)(4)(A) or (D); and
>
> **(ii)** for discovery under (D), also pay the other party a fair portion of the fees and expenses it reasonably obtaining the expert's opinions."

The Supreme Court Order that implemented the new version of F.R.C.P. Rule 26 states as follows:

> "That the foregoing amendments to the Federal Rules of Civil Procedure shall take effect on December 1, 2010, and shall govern in all proceedings thereafter commenced and, insofar as just and practicable, all proceedings then pending." (See Supreme Court Order and amended Court Rules, Exhibit C).

The Supreme Court's Order is clear that the amended Rules of Civil Procedure shall govern all pending proceedings insofar as just and practicable including Rule 26. Defendant has made no argument under the Supreme Court order that the new Rule of Civil Procedure as applied is not just or practicable. Defendant instead argues simply that application of the old Rule is supportable by footnote discussions in non-binding case law. There is no argument offered by Defendants that it is unjust or impracticable to apply the newly revised procedural Rule as provided by the Supreme Court. As will be discussed later in this response, the case law as cited by Defendant is also either inapplicable and non-binding in this Circuit and/or distinguishable from the facts at issue

in this case.

B. Application of the Current Version of Rule 26 is neither unjust or impracticable.

The United States Supreme Court has ordered that all of the amended Rules of Civil Procedure are applicable to pending actions unless it would be unjust or impracticable (Exhibit C). Defendant has not argued application of the amended Rule 26 is unjust or impracticable.

Defendant instead argues that because the Rule 26 amendment took effect after the initial discovery responses were due, that application of the amended Rule 26 to this disputed discovery issue would be a seemingly retroactive application of the new rule, which does not suggest impracticability or the occurrence of injustice. Nevertheless, Defendant's only argument that it could possibly make under the Supreme Court standard for application of the revised Rule is that application of the present Rule to the current discovery dispute is in some way unjust as applied to this case. The problem with argument it would be unjust to apply the current rule is that it has been Plaintiff's position throughout the case under either version of Rule 26 is it has fully complied with the discovery requests and has provided all of the materials utilized by Mr. Schwerzler in forming his opinions as his role as a testifying expert. The timing of the effective date of the enactment relative to the responses is of no consequence to the resolution of this discovery dispute because it remains unresolved. This Court has not considered nor issued a ruling on the dispute now raised by Defendant that it is entitled to ALL

communications between counsel and Schwerzler so long as it is after his designation as an expert and regardless of whether related to his opinions as an expert.

The Supreme Court Order requires an injustice in order to utilize the former Rule to resolve the existing dispute now before the Court, and no injustice is identified nor does an injustice exist in application of the new rule. It is in no way unjust for the Court to utilize the current version of Rule 26 in determining a disputed issue before the Court and in the case where the matter remains pending has not even been set for trial. It is obvious the amendment to Rule 26 limiting disclosures required of expert witnesses was designed to curb the abuses and injustices of far reaching discovery requests of experts and expert communications with counsel, and there is no injustice in application of the current version of Rule 26. In fact, the injustice would lie in the application of a stale and flawed procedural rule over the corrected version of the rule to resolve the pending discovery dispute in this case.

The amended Rule 26 now demands a showing of substantial need in order to obtain work product or otherwise privileged materials sought by NCS under the former Rule 26, and the Court is now required under the current rule to protect against the disclosure of mental impressions, opinions or theories of counsel of a party in the event substantial need is proven and privileged materials disclosed. FRCP 26(3)(B). There is no argument of substantial need made by NCS to obtain materials unrelated to Mr. Schwerzler's opinions under the current version of Rule 26 because a substantial need cannot be demonstrated. Further, Rule 26 now unequivocally prohibits access to privileged communications with an expert and even upon a showing of substantial need

restricts the mental impressions and opinions of counsel such as the subject matter of Exhibit 220 email chain between counsel for the Plaintiff and Weather Underground and which was not addressed to Mr. Schwerzler but seen internally by Mr. Schwerzler. There is no basis for requesting disclosure of the discussions and impressions of counsel that appear in Exhibit 220. There is no showing that application of the present version of Rule 26 is impracticable or unjust and therefore pursuant to Supreme Court order the current version of Rule 26 must be applied during the pendency of the case.

C. Application of the Old Rule is not Warranted under case law recited by Defendant

Defendant argues that footnote discussions in case law supports the proposition that the former Rule applies in spite of the Supreme Court's edict that the amended Rule 26 applies in pending cases. None of the cases cited by the Defendants are binding or persuasive.

Defendant cites *Toth v Grand Trunk Railway*, 306 F3d 335 (6th Cir. 2002) for the proposition the pre-amendment rule should apply. *Toth* considered the issue of sanctions for a late supplement to discovery in which the trial court had previously issued it's ruling on the issue prior to the amendment of the rule, the trial in that case was underway, and the parties agreed the former rule should apply, and therefore no issue concerning which version of the Rule to apply and in fact no ruling was made in the matter. *Id* at 343-345, fn 2. *Toth* in its footnote discussion of the issue actually references the accepted general rule that, "Generally a new procedural rule applies to the uncompleted portions of suits pending when the rule became effective...." *Id. at fn 2*

citing, Richardson Elecs., Ltd. v. Panache Broad. of Pa., Inc., 202 F.3d 957, 958 (7th Cir.2000). There is no trial date in this case, an Amended Complaint has been recently filed naming additional parties, at least one deposition remains pending, there is a myriad of pending motions before the Court that will have significant bearing on the case, and the Court has not considered or ruled on the discovery issue now before it. The Court must utilize the new procedural rules including the current version of Rule 26 in the completion of this case absent a resulting injustice.

Defendant also relies on an unpublished Oklahoma District Court case in which it cites *Toth* in its footnote for the incorrect proposition that the version of the former Rule 37 applies when discovery was scheduled to be produced. As discussed, *Toth* did not make any such a ruling. *Stanphill v. Health Care Service Corp.*, 2008 WL 2359730 at *1, n.5 (W.D. Okla. June 3, 2008). Finally, Defendant resorts to citing another unpublished Indiana District Court case where, also in a footnote and without citation to any authority, the Court elected to utilize a prior version of an amended rule without analysis or commentary. *Pace v. International Mill Service, Inc.*, 2007 WL 1385385 at *1, n.1 (N.D. Ind. May 7, 2007).

There is no binding authority, court ruling, or other persuasive authority to support Defendant's proposition that the former version of Rule 26 must be applied in this case. There is certainly no discussion or analysis by the Defendant concerning the Supreme Court's edict that newly amended procedural rules apply in pending cases or acknowledgement that case law in fact endorses the Supreme Court's implementation orders for immediate application of procedural rules in pending cases. There exists no

compelling reason offered by the Defendant to depart from the Supreme Court order requiring the application of the new procedural rules issued by the Supreme Court in this case absent impracticality or injustice.

D. The Privileged Information Sought by Defendant is unavailable under either version of Rule 26.

The old Rule 26 provided that an expert must disclose all data and other information utilized in forming his or her opinions. The Sixth Circuit had interpreted this former provision of Rule 26 broadly and has held that a retained expert must disclose all information ulitilized in forming his or her opinions including materials provided by counsel that are arguably privileged communications. *Regional Airport Authority of Louisville v. LFG, LLC*, 460 F.3d 697 (6th Cir. 2006).

Nevertheless, the Sixth Circuit has not decided a case concerning the scope of disclosure of privileged information where the expert was not retained, and is a key employee/Director of the Company designated to provide expert testimony for his own Company. Defendant instead points to an unpublished District Court case from Ohio in support of its claim that a testifying expert must disclose all communications privileged or otherwise from the date designated as an expert. *Euclid Chem.Co. v. Vector Corrosion Tech., Inc.*, 2007 WL 1560277 at *3 (N.D. Ohio May 29, 2007). *Euclid* involved the retention of an expert witness who had for six years worked as a consultant to Euclid, and was not an employee or officer of the company at the time he was retained as an expert. There is an obvious distinction to be made between an expert who is “retained or specially employed to provide expert testimony in the case” as

described in the former Rule 26 (C)(2)(B) and therefore compelled to report all data or other information considered in formulating his or her opinion as would be required by *Regional Airport Authority, supra*, and a Corporate director and key employee who is merely designated as a testifying expert during the course of the case, and not formally employed or retained as an "independent" testifying expert. The expert who is formally retained through trial counsel is employed for the singular purpose of testifying on a technical issue in the case, and therefore it may be reasonable to assume as the Court did in *Regional Airport Authority* that everything provided to that retained expert by trial counsel may be considered relevant to his or her opinion. The retained expert is not the client nor is he or she privy to the panoply of attorney-client communications which may otherwise exist between attorney and client. However, a corporate director and high level employee that is neither specifically retained or employed for the specific purpose of weighing in as an expert on a technical issue in the case wears multiple hats and is potentially exposed to a myriad of privileged communications and information on multiple issues concerning the Company's involvement in the litigation, including settlement strategy, opinions and impressions of counsel relative to the status and posture of the case, and other information and opinions and impressions of counsel that have nothing to do with the basis for that individual's technical opinions and may be highly prejudicial to the settlement position or trial strategies of the Company.

Additionally, Defendant's reliance on an unpublished magistrate's decision (*Rochow, supra)* which held an in house expert's communications with his own in house counsel were discoverable is distinguishable in that communications with trial counsel

were not at issue in that case. *Rochow* also appears wrongly decided in announcing that a "bright line test" was enunciated in *Regional Airport Authority,* as that case was factually different and did not concern issues related to a non retained employee experts, nor discuss on any level the issue of disclosure of ancillary items completely unrelated to an a high level company Director's duties apart from his role as a testifying expert.

The former Rule 26 required that if an expert "is one retained or specially employed to provide expert testimony in the case" they must provide a written report which unless otherwise ordered by the court and must include the "data or other information considered by the witness" in forming his opinions. FRCP 26 (2)(B). First, Mr. Schwerzler was neither retained or specially employed to be an independent expert witness but was nevertheless designated by Defendant as an expert in the course of litigation even though an employee and corporate officer of the Company. Second, he did not prepare a written report under former Rule 26. Mr. Schwerzler did respond to Defendant's interrogatories fully and completely providing all of the information requested and that he utilized in forming his opinions in this matter pursuant to the discovery requests propounded by Defendant NCS (See Exhibit A) and there is no basis under FRCP 37 to ask for anything more. Even under the former Rule 26 there is simply no case law unpublished or otherwise that discusses and requires a high-level employee and corporate director who acts as an expert witness in a case to disclose each and every item received by trial counsel from the date of their designation as an expert. There is no compelling basis to compel Mr. Schwerzler to reveal every item of

information he may have seen in the course of his duties as a high level employee and corporate officer and which are wholly unrelated to his role as a testifying expert.

As discussed, there is no request for the materials sought by Defendant NCS under the current version of Rule 26 because there can be no substantial need demonstrated which would require the production of materials which are wholly unrelated to Mr. Scwherzler's opinions or role as a testifying expert. Therefore, under either the old version of Rule 26 or the present version of Rule 26, the Defendant's Motion should be denied.

Conclusion

Mr. Schwerzler is a Corporate officer and high level employee and decision maker at Weather Underground who also possesses a degree in computer science. Mr. Schwerzler was identified as an individual who was to provide expert testimony concerning the narrow issues concerning Defendants' software code and not to provide opinions on liability as indicated in his expert report. Defendants' request for all information and communications seen or reviewed by Mr. Schwerzler since his identification as an expert is unfounded under either version of Rule 26.

The present version of Rule 26 applies to pending cases under the Supreme Court's order which adopted the amendments to Rule 26. There is no substantial need to view what may otherwise be privileged information under the new version of Rule 26. Defendant has provided no authority which compels the Court to compel privileged information unrelated to Mr. Schwerzler's opinions as an expert under the old version of Rule 26 even if applied in this case.

For all the foregoing reasons, Defendant's Motion should be denied.

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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