

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' REPLY MEMORANDUM
IN SUPPORT OF MOTION FOR CLARIFICATION

REPLY MEMORANDUM

I. DEFENDANT’S MOTION REQUESTS CLARIFICATION NOT RECONSIDERATION.

Plaintiff begins its opposition by erroneously arguing that the present Motion is one for reconsideration not clarification. That argument immediately fails. A Motion for Reconsideration is precisely that: a request by the moving party that the Court consider a previous issue anew. But, NCS has not asked the Court to reconsider its decision to deny the protective order and shield Mr. Pirrone from deposition. To the contrary, NCS has explicitly noted that it is ready to produce Mr. Pirrone for deposition to answer questions on non-privileged matters. There simply remains a question of whether NCS can assert privilege as to certain questions which do implicate *privileged* matters.

In fact, Plaintiff’s opposition makes clear such clarification is necessary since Plaintiff has apparently taken the position that its only limitation on questioning is “trial strategy” in this matter. So long as a topic is “related” to the “retention or registration of potentially infringing domain names and which may implicate NCS’s bad faith intent to profit from those domains,” it is fair game, irrespective of privilege. Opp. at 2-3. Undoubtedly, there will be questions (e.g., questions related to domain names that are alleged to infringe the trademarks of third parties *not involved in this litigation*, questions related to the previous Verizon-NCS litigation, etc.) which Plaintiff will ask because it believes these matters to be “related” but which NCS views as “unrelated” and potentially privileged. Given that issue, the Court needs to clarify the scope of its ruling so that the parties fully understand what is “out of bounds.”

II. PLAINTIFF’S CONTINUED MISREPRESENTATIONS TO THE COURT DO NOT ASSIST IN CLARIFYING THE ISSUES.

As noted in its Motion for Clarification, part of the confusion as to the Court’s order arises from the fact that the Court’s oral ruling from the bench followed an argument by Plaintiff

that was filled with a slew of misrepresentations as to the state of the record. Notably, Plaintiff does not defend *any* of those misrepresentations in its Opposition, essentially conceding that, in fact, the arguments made were *not* supported by the record. Ironically, that conduct continues in Plaintiff's opposition. For example, Plaintiff argues that "Lily Stevenson testified Mr. Pirrone was a prime decision maker in the *process selection* and retention of a domain name." Opp. at 5 (Emphasis added). Yet, the deposition transcript to which Plaintiff cites in its opposition does not state that at all. Rather, it states that Chris Pirrone and the President of Firstlook (Seth Jacoby) had the ultimate decision as to whether or not to transfer a domain name in response to a cease-and-desist letter. *Id.* **There is absolutely nothing in that testimony about Mr. Pirrone being involved in the process of selecting a domain name.**

Plaintiff's inability to rely on what the record *actually* says grows increasingly more problematic as the opposition continues. On page 6, Plaintiff states that "Mr. Pirrone was instrumental in creating the 'Navigation Catalyst Systems Domain Registration Compliance Standard Operating Procedures'..." and then cites to Deposition of Lily Stevenson, Page 121:3-8, where Ms. Stevenson testifies that Chris Pirrone helped her create "this document." But, as can be seen from the deposition transcript, the "document" she is being asked about at the deposition is one entitled "Trademark Review Instructions" **NOT** the one to which Plaintiff refers in its opposition. *See* Exhibit A hereto. (Deposition of Lily Stevenson pages 119-121). Put simply, time and time again, Plaintiff has cited to the Stevenson transcript for propositions that are not supported by that transcript! Given that Plaintiff's arguments are not supported by the record, it is necessary for the Court to clarify its ruling and the bases thereof.

IV. IF THE PRIVILEGE HAS BEEN WAIVED, THEN CLARIFICATION IS NEEDED AS TO THE BASES FOR THAT RULING.

As NCS noted in its opening brief, NCS is entirely unclear whether the Court intended to rule that NCS is unable to assert the attorney-client privilege and/or attorney work product privilege at all.¹ Plaintiff, on the other hand, is certain that the Court intended to rule that no privilege can be asserted though even Plaintiff is apparently uncertain as to why. At first blush, Plaintiff appears to argue that no privilege ever attaches to Mr. Pirrone's work because "there were no opinion letters generated and no trademark clearances performed." Opp. at p. 7. Is that the basis of the Court's opinion? No case was cited by either Plaintiff or the Court for the proposition that applicable privileges do not exist absent the existence of an opinion letter or trademark search, and NCS certainly knows of none. Nevertheless, if that is the Court's basis, it should clarify as such.

Nevertheless, Plaintiff then argues that NCS has waived the privilege because NCS asserted a "good faith" affirmative defense. Opp. at p. 10. Is that the basis of the Court's opinion? That the attorney-client privilege and attorney work product privilege are waived upon the assertion of a "good-faith" affirmative defense? At present, that seems implausible since in ruling from the bench, the Court did not reference NCS's Answer, its Affirmative Defense, the assertion of "good faith," or Plaintiff's argument as to waiver. But, if that is the basis for the Court's ruling, it raises another question which went unanswered: why does the assertion of a "good faith" affirmative defense *necessarily* waive the privileges at issue? Why could NCS not prove such a defense through non-attorney witnesses?

V. NCS'S UNDERSTANDING OF THE COURT'S ORDER MAKES MOST SENSE.

¹ The Court should bear in mind that, at any given time, there may be four applicable privileges at issue: (i) the privilege that applies to the attorney work product of outside counsel which was shared with Mr. Pirrone; (ii) the privilege that applies to communications between outside counsel and Mr. Pirrone; (iii) Mr. Pirrone's own attorney work product; and (iv) the privilege that applies to communications between Mr. Pirrone and his internal clients.

NCS's understanding of the Court's order makes the most sense. The Court denied a Motion for Protective Order which sought to prevent Mr. Pirrone from appearing at deposition. NCS understands that this denial means that Chris Pirrone must appear for deposition and answer questions that do not implicate any of the privileges at issue. But, if such a privilege is implicated, Plaintiff's counsel can ask the appropriate questions to make a record, and NCS can object on the basis of privilege. Then, having a concrete set of questions, the Court can later determine whether the questions: (i) ask about issues that are not privileged at all or (ii) ask about privileged matters. If it is the latter, the Court can make a ruling on the issue of waiver with the benefit of having a full record.

VI. IF THE COURT INTENDED TO RULE THAT THE APPLICABLE PRIVILEGES ARE WAIVED, THEN A STAY OF THE DEPOSITION IS WARRANTED UNTIL NCS HAS HAD THE OPPORTUNITY TO SEEK A WRIT.

Plaintiff's opposition to a stay of the Pirrone deposition is fundamentally flawed for two reasons. First, Plaintiff erroneously examines the five factors of whether a writ will be granted, as opposed to the four factors of whether a stay will issue pending writ review. *McGuire v. Warner*, No. 05-40185, 2009 WL 3823038, at *3 (E.D. Mich Nov. 12, 2009) (internal citations omitted). Ironically, the factors listed by Plaintiff also favor NCS: (i) the Sixth Circuit (along with other courts of appeal) have noted that seeking a writ when the attorney-client privilege is at issue is appropriate since direct appeal will not provide relief; (ii) NCS will be damaged if it must disclose communications that are ultimately deemed privilege since the harm is in the disclosure itself (*In re Lott*, 424 F.3d 446, 451 (6th Cir. 2005)); (iii) to the extent that the Court rules that the applicable privileges have been waived, NCS would argue that the Court's decision was clearly erroneous as a matter of law; and (iv) whether the assertion of a "good faith" affirmative defense necessarily waives the applicable privileges in an ACPA case is a new and

important issue of first impression. So, in short, both the four factors which determine whether a stay should issue *and* the factors which determine whether a writ will issue favor NCS.

Second, Plaintiff's argument is flawed insofar as it attempts to distinguish *In re Lott* on the basis of the underlying proceeding. The Court's opinion did not hinge on the fact that Lott was on death row, or the fact that it was a habeas proceeding, or the fact that the prosecutors were seeking evidence to support a suppressed confession. The Court's opinion was focused on the importance of the attorney-client privilege, the narrow bases for finding an implied waiver of the privilege, and the significant harm to the holder of the privilege any time the privilege is deemed waived. Contrary to Plaintiff's insinuation, Lott was a broadly written decision with a great scope even beyond the habeas context. Indeed, it was *precisely* the broad nature of the Court's ruling which caused Chief Judge Boggs to lament, in dissent, "Today's departure from our previous mandamus jurisprudence will have deleterious effects. As to this factor in the mandamus balancing, this court is now without any flexibility in addressing whether a litigant will be harmed. *Our court will inevitably see more petitions for writs of mandamus*, but will have fewer tools with which to distinguish the extraordinary from the mundane." *In re Lott*, 424 F.3d at 463-64 (emphasis added) (J. Boggs, dissenting).

For the foregoing reasons, NCS respectfully requests that the Court clarify its previous order.

RESPECTFULLY SUBMITTED this 16th day of March, 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 March 16, 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

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

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

/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