PUBLIC

ORIGINAL

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION
OFFICE OF THE ADMINISTRATIVE LAW JUDGES

In the Matter of **1-800 Contacts, Inc.,** **a corporation,** **Respondent.**	**Docket No. 9372**

RESPONDENT 1-800-CONTACTS, INC.'S [AMENDED] OPPOSITION TO COMPLAINT COUNSEL'S MOTION *IN LIMINE* TO PRECLUDE THE TESTIMONY OF MESSRS. BRYAN PRATT, ESQ. AND MARK MILLER, ESQ.

I. INTRODUCTION

Complaint Counsel's motion to preclude the testimony of Bryan Pratt and Mark Miller does not satisfy the governing standard, as set forth by the Scheduling Order, and should be denied. The motion is based on the unfounded and inaccurate assumption that Messrs. Pratt and Miller will testify at trial regarding privileged communications with their client, 1-800 Contacts, Inc., or regarding information protected by the work product doctrine. They will not. Instead, they will testify about their personal knowledge of such non-privileged subject matters as: (1) their oral and written communications and negotiations with counsel (and, in some instances, employees) of Respondents' competitors regarding trademark issues; (2) the registration and status of 1-800-Contacts' trademarks; and (3) factual issues regarding 1-800-Contacts' trademark cease-and-desist letters and litigation, including issues addressed in the Complaint or by the retailer witnesses' testimony on which Complaint Counsel intend to rely.

None of the decisions cited in Complaint Counsel's motion bars a witness from testifying about non-privileged matters simply because that witness *also* possesses privileged information that he or she will *not* testify about. Complaint Counsel's additional concern that Messrs. Pratt and Miller will provide cumulative or irrelevant testimony is neither justified nor a basis to bar a witness in advance of trial, especially a court trial, for Complaint Counsel have not demonstrated that the witnesses' testimony "is clearly inadmissible on all potential grounds." Scheduling Order, ¶ 9. In a similar situation, this Court denied a Respondent's motion to exclude any trial testimony by Complaint Counsel's experts about an opinion if it had not been disclosed in their reports, holding that the question of whether an expert's testimony was not previously disclosed "cannot, and should not, be decided outside the context of trial." *In re Pom Wonderful LLC*, 2011 WL 2160775 at *2 (May 5, 2011). Here, as in that case, "the proper procedure is to object

at trial" if Complaint Counsel believe that testimony is cumulative or irrelevant. *Id*. Complaint Counsel's motion should be denied.

II. BACKGROUND

The Complaint challenges thirteen settlement agreements resolving trademark infringement claims involving the "use," for Lanham Act purposes, of Respondent's trademarks by its competitors in search advertising campaigns. Complaint, ¶ 1, 20. *See Network Automation, Inc. v. Advanced Sys. Concept, Inc.*, 638 F.3d 1137, 1144 (9th Cir. 2011) ("[T]he use of a trademark as a search engine keyword that triggers the display of a competitor's advertisement is a 'use in commerce' under the Lanham Act"); *Rescuecom Corp. v. Google, Inc.*, 562 F.3d 123, 128-41 (2nd Cir. 2009) (same). Bryan Pratt and Mark Miller are intellectual property attorneys who represented Respondent in trademark matters at various times from 2005 forward. *See* Respondent's Final Witness List at 7-8. They had responsibility for the monitoring, protection, and enforcement of Respondent's trademarks and, in that capacity, they sent cease and desist letters, communicated with infringers' counsel, and negotiated, drafted and enforced many of the settlement agreements at issue here. *See, e.g.*, Pratt Tr. 16:8-17, 32:11-18; Miller Tr. 52:4-7 (attached to Complaint Counsel's motion in limine). In other words, they are two of the individuals most intimately involved in the events at issue. *See* Miller Tr. 18:9-19:20.

Respondent designated Messrs. Pratt and Miller in its preliminary and final witness lists to testify regarding, *inter alia*, the "monitoring, protection, and enforcement" of Respondent's trademarks, including "communications and correspondence with alleged infringers and their counsel, trademark litigation, and trademark settlement agreements" -- testimonial areas for which the witnesses have personal knowledge. *See* Respondent's Preliminary and Final Witness Lists. Complaint Counsel deposed Bryan Pratt on December 15, 2016, and January 5, 2017, in

his individual capacity, and they deposed Mark Miller on February 8, 2017, both in his individual capacity and as a Rule 3.33(c)(1) company witness. Miller Tr. 11:7-21.[1]

During their depositions, Messrs. Pratt and Miller declined to answer a handful of questions on privilege grounds. Those few questions involved either: (1) the substance of specific confidential communications between Messrs. Pratt or Miller and officers or employees of 1-800 Contacts; or (2) core attorney work product prepared in connection with litigation. Messrs. Pratt and Miller did not testify at their depositions, and will not testify at trial, about the content of those (or any other) privileged materials. *See* Pratt Tr. 33:4-34:13. In other words, Respondent will *not* at trial elicit privileged testimony as a "sword" that was previously "shielded" on the basis of a privilege. Nor has Respondent deprived Complaint Counsel of the fair opportunity to cross-examine its witnesses on the subjects about which they will testify. Messrs. Pratt and Miller collectively answered hundreds of questions posed by Complaint Counsel in the course of more than two full days of questioning. The Miller deposition, for example, began at 8:45 a.m. and ended over eight hours later at 5:15 p.m. (with a lunch break). Miller Tr. 3, 120, 254. Complaint Counsel's motion cites to only *three* instances in that entire day when Miller was instructed not to answer a question on privilege grounds. Motion at 3.[2]

[1] Mr. Miller was designated by Respondent as its witness on two topics set out in Complaint Counsel's Rule 3.33(c)(1) deposition notice. Miller Tr. 11:7-12:1.

[2] Mr. Pratt's transcript shows that he was instructed not to answer a question on privilege grounds approximately ten times; many of those instructions involved a single topic (*e.g.*, about claims that he had decided *not* to assert). *Id.*

III. ARGUMENT

A. The Sword And Shield Doctrine Does Not Apply Here, Because Messrs. Pratt And Miller Will Not Testify At Trial Regarding Privileged Matters.

Complaint Counsel's motion does not challenge the propriety of the privilege assertions that Respondent has made. Motion at 5. Instead, the motion argues that Messrs. Pratt and Miller should not be allowed to "use privilege as both a sword and a shield" by testifying at trial about privileged communications or attorney work product. *Id*. But 1-800 Contacts has not advanced an advice of counsel defense, and the cases that Complaint Counsel rely on are inapposite. In *Chevron Corp. v. Pennzoil Co.*, 974 F.2d 1156, 1162 (9th Cir. 1992), for example, the defendant asserted that its position on a tax issue was "reasonable" according to advice given by its tax counsel. *Id*. The Ninth Circuit upheld the District Court's determination that by "rel[ying] upon the advice of counsel to support the reasonableness of its [SEC filing], Pennzoil waived the attorney-client privilege with respect to those communications." *Id.* at 1163. Neither *Chevron* nor any of Complaint Counsel's other cases are on point, because 1-800 Contacts is not offering or relying on an "advice of counsel" defense on any issue, and Messrs. Pratt and Miller will not testify as to privileged communications. In other words, "[b]ecause it does not appear that privileged materials are being used as a 'sword,' the fact that other, assertedly privileged documents are being shielded is insufficient to invoke the 'sword and shield' doctrine." *See In re McWane, Inc.*, 2012 WL 3597375, at *4 (Aug. 14, 2012). *See also Rhone-Poulenc Rorer Inc. v. Home Indem. Co.*, 32 F.3d 851, 863 (3d Cir. 1994) (privilege is not waived unless the "advice of counsel is placed in issue where the client asserts a claim or defense, and attempts to prove that claim or defense by disclosing or describing an attorney client communication").

B. Complaint Counsel Has Not Shown That Messrs. Pratt And Miller's Testimony Is Clearly Inadmissible On All Potential Grounds

Complaint Counsel's fallback argument is that Messrs. Pratt and Miller could provide relevant testimony *only* if they discussed *privileged* communications and that any testimony on non-privileged matters would be "irrelevant and immaterial." Motion at 6. To prevail on that argument, Complaint Counsel would need to prove that *all* of Messrs. Pratt and Miller's non-privileged testimony "is clearly inadmissible on all potential grounds." Scheduling Order, ¶ 9. Complaint Counsel have not met this high standard.

"Relevant, material, and reliable evidence shall be admitted." 16 C.F.R. § 3.43(b). In a bench trial, a party that seeks to exclude *all* potential testimony by a witness faces an especially high standard, because "the risk of prejudice from giving undue weight to marginally relevant evidence is minimal." **Scheduling Order, ¶ 9**. Here, Messrs. Miller and Pratt's anticipated testimony is directly relevant to the allegations in the Complaint. *See* Complaint, ¶¶ 17-19; 25-27 (referring repeatedly to communications between 1-800 Contacts and retailers about trademark disputes); Pratt Tr. 38:18-39:18; Miller Tr. 108:18-109:9, 173:19-174:5, 178:2-22, 180:12-18, 217:22-220:23 (discussing their communications with third party retailers and how they interpreted the settlement agreements). Moreover, Complaint Counsel themselves designated fact witnesses from two contact lens retailers to testify at trial about the "negotiation, history [and] enforcement" of the challenged settlement agreements. Complaint Counsel's Final Witness List at 3-4. (Clarkson and Hamilton). They also designated a fact witness from LensDirect to testify about "1-800 Contacts' unsuccessful efforts to stop LensDirect . . . from bidding on 1-800 Contacts' trademarks and terms as keywords." *Id*. (Alovis). Pratt and Miller were the counterparties to communications with these contact lens retailers. Complaint Counsel can hardly claim that their testimony about these topics is completely irrelevant. Messrs. Pratt

and Miller's non-privileged testimony about their oral and written communications with retailers will also refute any assertion that contact lens retailers entered into the challenged agreements as a part of a "conspiracy" to restrain trade, as Complaint Counsel asserted at the Preliminary Hearing. *See, e.g.*, Miller Tr. 202:5-204:13.

C. Complaint Counsel's Mischaracterization of the Commission's February 1, 2017 Order Does Not Assist Them In Meeting The Standard For Relief Here.

The Court should also reject Complaint Counsel's further argument that the Commission's February 1, 2017 Order renders irrelevant any and all testimony by Messrs. Pratt and Miller, for the argument is based on an inaccurate description of that Order. Contrary to Complaint Counsel's contention, the February 1 Order did not hold that "whether or not the underlying litigations were 'bona fide,' sham or otherwise has *no bearing* on the legality of the restraints contained within the settlement agreements." Motion at 6 (emphasis added). Complaint Counsel included a similarly expansive argument in its opposition to Respondent's Motion to Permit Respondent to Call Six (6) Expert Witnesses, and this Court rejected that argument. *See* Order Granting Respondent's Motion to Permit Respondent to Call Six Expert Witnesses, at 4 (observing that the Commission's February 1, 2017 "holdings do not foreclose Respondent from attempting to disprove Complaint Counsel's allegations that the Challenged Agreements were unjustified and anticompetitive, or from defending the Challenged Agreements as procompetitive"). Messrs. Pratt and Miller should be allowed to provide their non-privileged testimony that goes to these issues.

IV. CONCLUSION

The Court should deny Complaint Counsel's motion *in limine*.

Dated: March 28, 2017

Respectfully submitted,

/s/ *Steven Perry*

Gregory P. Stone
Steven M. Perry
Garth T. Vincent
Stuart N. Senator
Gregory M. Sergi
Zachary M. Briers
Julian M. Beach
Munger, Tolles & Olson LLP
350 South Grand Avenue, 50th Floor
Los Angeles, CA 90071
gregory.stone@mto.com
steven.perry@mto.com
garth.vincent@mto.com
stuart.senator@mto.com
gregory.sergi@mto.com
zachary.briers@mto.com
julian.beach@mto.com

Justin P. Raphael
Munger, Tolles & Olson LLP
560 Mission Street, 27th Floor
San Francisco, CA 94105
justin.raphael@mto.com

Counsel for 1-800 Contacts, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on March 28, 2017, I filed **RESPONDENT 1-800-CONTACTS, INC.'S AMENDED OPPOSITION TO COMPLAINT COUNSEL'S MOTION *IN LIMINE* TO PRECLUDE THE TESTIMONY OF MESSRS. BRYAN PRATT, ESQ. AND MARK MILLER, ESQ.** using the FTC's E-Filing System, which will send notification of such filing to all counsel of record as well as the following:

Donald S. Clark
Secretary
Federal Trade Commission
600 Pennsylvania Ave., NW, Rm. H-113
Washington, DC 20580

The Honorable D. Michael Chappell
Administrative Law Judge
Federal Trade Commission
600 Pennsylvania Ave., NW, Rm. H-110
Washington, DC 20580

DATED: March 28, 2017 By: */s/ Eunice Ikemoto*
Eunice Ikemoto

CERTIFICATE FOR ELECTRONIC FILING

I hereby certify that the electronic copy sent to the Secretary of the Commission is a true and correct copy of the paper original and that I possess a paper original of the signed document that is available for review by the parties and the adjudicator.

DATED: March 28, 2017 By: */s/ Steven M. Perry*
Steven M. Perry
Attorney

Notice of Electronic Service

I hereby certify that on March 28, 2017, I filed an electronic copy of the foregoing Respondent's [AMENDED] Opposition to Motion In Limine to Preclude the Testimony of Messrs. Bryan Pratt, Esq. and Mark Miller, Esq., with:

D. Michael Chappell
Chief Administrative Law Judge
600 Pennsylvania Ave., NW
Suite 110
Washington, DC, 20580

Donald Clark
600 Pennsylvania Ave., NW
Suite 172
Washington, DC, 20580

I hereby certify that on March 28, 2017, I served via E-Service an electronic copy of the foregoing Respondent's [AMENDED] Opposition to Motion In Limine to Preclude the Testimony of Messrs. Bryan Pratt, Esq. and Mark Miller, Esq., upon:

Thomas H. Brock
Attorney
Federal Trade Commission
TBrock@ftc.gov
Complaint

Barbara Blank
Attorney
Federal Trade Commission
bblank@ftc.gov
Complaint

Gustav Chiarello
Attorney
Federal Trade Commission
gchiarello@ftc.gov
Complaint

Kathleen Clair
Attorney
Federal Trade Commission
kclair@ftc.gov
Complaint

Joshua B. Gray
Attorney
Federal Trade Commission
jbgray@ftc.gov
Complaint

Geoffrey Green
Attorney
Federal Trade Commission
ggreen@ftc.gov
Complaint

Nathaniel Hopkin
Attorney

Federal Trade Commission
nhopkin@ftc.gov
Complaint

Charles A. Loughlin
Attorney
Federal Trade Commission
cloughlin@ftc.gov
Complaint

Daniel Matheson
Attorney
Federal Trade Commission
dmatheson@ftc.gov
Complaint

Charlotte Slaiman
Attorney
Federal Trade Commission
cslaiman@ftc.gov
Complaint

Mark Taylor
Attorney
Federal Trade Commission
mtaylor@ftc.gov
Complaint

Gregory P. Stone
Attorney
Munger, Tolles & Olson LLP
gregory.stone@mto.com
Respondent

Steven M. Perry
Attorney
Munger, Tolles & Olson LLP
steven.perry@mto.com
Respondent

Garth T. Vincent
Munger, Tolles & Olson LLP
garth.vincent@mto.com
Respondent

Stuart N. Senator
Munger, Tolles & Olson LLP
stuart.senator@mto.com
Respondent

Gregory M. Sergi
Munger, Tolles & Olson LLP
gregory.sergi@mto.com
Respondent

Justin P. Raphael
Munger, Tolles & Olson LLP
Justin.Raphael@mto.com
Respondent

Sean Gates
Charis Lex P.C.
sgates@charislex.com
Respondent

Mika Ikeda
Attorney
Federal Trade Commission
mikeda@ftc.gov
Complaint

Zachary Briers
Munger, Tolles & Olson LLP
zachary.briers@mto.com
Respondent

Chad Golder
Munger, Tolles, and Olson
chad.golder@mto.com
Respondent

Julian Beach
Munger, Tolles & Olson LLP
julian.beach@mto.com
Respondent

Aaron Ross
Attorney
Federal Trade Commission
aross@ftc.gov
Complaint

Thomas Dillickrath
Attorney
Federal Trade Commission
tdillickrath@ftc.gov
Complaint

Jessica S. Drake
Attorney
Federal Trade Commission
jdrake@ftc.gov
Complaint

W. Stuart Hirschfeld
Attorney
Federal Trade Commission
shirschfeld@ftc.gov
Complaint

David E. Owyang
Attorney
Federal Trade Commission
dowyang@ftc.gov
Complaint

Henry Su
Attorney

Federal Trade Commission
hsu@ftc.gov
Complaint

Steven Perry
Attorney