

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



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In the Matter of )  
 )  
1-800 Contacts, Inc., )  
a corporation, )  
 )  
Respondent. )  
\_\_\_\_\_

DOCKET NO. 9372

**ORDER DENYING MOTION *IN LIMINE* TO PRECLUDE  
TESTIMONY OF BRYAN PRATT AND MARK MILLER**

**I.**

On March 22, 2017, Federal Trade Commission (“FTC” or “Commission”) Complaint Counsel filed a Motion *in Limine* to preclude Respondent 1-800 Contacts (“Respondent” or “1-800 Contacts”) from calling Mr. Bryan Pratt and Mr. Mark Miller as witnesses at trial (“Motion”). Respondent filed an opposition to the Motion on March 28, 2017 (“Opposition”). As explained below, the Motion is DENIED.

**II.**

Respondent’s final witness list identifies Mr. Pratt and Mr. Miller as outside counsel of 1-800 Contacts who are each expected to testify regarding:

(1) Respondent’s trademarks and brand; (2) Respondent’s monitoring, protection and enforcement of its trademarks, including as performed by Messrs. Miller and Pratt, their colleagues and staff, and other outside counsel, and including cease and desist letters sent to offending parties, communications and correspondence with offending parties and their counsel, trademark litigation, trademark settlement agreements, the enforcement of trademark settlement agreements, and contact lens retailers and others relating to the unauthorized use of its trademarks; and (3) any other topic relevant to the allegations of Complaint Counsel’s complaint, the proposed relief, or Respondent’s defenses.

By way of background, the Commission’s Complaint alleges that certain agreements that Respondent made with various competing online contact lens sellers constitute a restraint of trade and an unfair method of competition in the alleged markets for the auctioning of keyword

search online advertising and the retail sale of contact lenses, in violation of Section 5 of the FTC Act (the “Challenged Agreements”). Complaint ¶¶ 28-29, 31. Specifically, the Complaint asserts that under the Challenged Agreements, competitors agreed not to bid in any online search advertising auction for the use of the search term “1-800-Contacts” or variations thereof, and to employ negative keywords in paid search advertising to prevent competitors’ advertising from appearing in response to a query for “1-800-Contacts.” Complaint ¶¶ 22, 24. According to the Complaint, the Challenged Agreements are not justified by trademark protection. Complaint ¶ 21. Respondent’s Answer asserts, among other things, that the Challenged Agreements were settlement agreements to resolve *bona fide* litigation over competitors’ use of its trademark, and denies that such agreements are anticompetitive or unlawful. Answer ¶¶ 20-24, 31, 33-34.

Motions *in limine* are generally used to ensure evenhanded and expeditious management of trials by eliminating evidence that is clearly inadmissible. Evidence should be excluded on a motion *in limine* only when the evidence is clearly inadmissible on all potential grounds. *In re POM Wonderful LLC*, 2011 FTC LEXIS 79, at \*6-8 (May 6, 2011) (citations omitted). Courts considering a motion *in limine* may reserve judgment on the admissibility of evidence until trial, so that the evidence is placed in the appropriate factual context. *Id.*; *In re Daniel Chapter One*, 2009 FTC LEXIS 85, \*20 (Apr. 20, 2009). “Denial of a motion *in limine* does not necessarily mean that all evidence contemplated by the motion will be admitted at trial. Denial merely means that without the context of trial, the court is unable to determine whether the evidence in question should be excluded.” *Daniel Chapter One*, 2009 FTC LEXIS 85, at \*20 (quoting *Noble v. Sheahan*, 116 F. Supp.2d 966, 969 (N.D. Ill. 2000)).

### III.

Complaint Counsel contends that Mr. Pratt and Mr. Miller should be barred from testifying at trial for two reasons. First, Complaint Counsel argues that the “sword and shield” theory precludes testimony from these witnesses. Second, Complaint Counsel argues that, to the extent Respondent seeks to elicit testimony concerning the *bona fides* of the trademark infringement claims underlying the Challenged Agreements, the witnesses’ testimony is irrelevant pursuant to the Commission’s Order Granting Complaint Counsel’s Motion for Partial Summary Decision. *See In re 1-800 Contacts, Inc.*, 2017 FTC LEXIS 19 (Feb. 1, 2017) (“Commission’s Order”). These arguments are addressed below.

#### A.

Complaint Counsel points to six examples from the witnesses’ depositions where, on instruction of Respondent’s counsel, Mr. Pratt and/or Mr. Miller refused to answer certain questions based upon the attorney-client privilege and/or the attorney work product doctrine. Complaint Counsel does not challenge the substance of the privilege assertions.

Complaint Counsel contends that the “sword and shield” theory prevents a witness from testifying about topics over which it has asserted a privilege. Complaint Counsel argues that allowing the witnesses to testify generally regarding Respondent’s trademark and brand, or the witnesses’ work in monitoring, protecting, and enforcing Respondent’s trademarks, after they withheld privileged information on these topics, denies Complaint Counsel the opportunity to

conduct a full cross-examination. Complaint Counsel does not seek an order compelling the witnesses to provide the privileged information withheld.

Respondent contends that the “sword and shield” theory does not preclude Mr. Pratt or Mr. Miller from testifying because Respondent is not relying on any advice-of-counsel defense; Respondent will not seek to elicit any testimony at trial that was withheld on privilege grounds in discovery; and Complaint Counsel will not be deprived of a fair opportunity to cross-examine the witnesses on the subjects of their anticipated trial testimony, given that Complaint Counsel obtained answers to “hundreds” of deposition questions, and Mr. Pratt and Mr. Miller declined to answer only a small number of questions. Opposition at 3.

A litigant cannot use a privilege as both a “sword” and a “shield” by selectively using privileged information to make a point in litigation, but then invoking privilege to prevent its opponent from challenging the assertion. *In re Motor Up Corp., Inc.*, 1999 FTC LEXIS 262, \*5 (Aug. 5, 1999). *See also In re McWane, Inc.*, 2012 FTC LEXIS 126, at \*9-10 (July 13, 2012) (“[T]he sword and shield theory applies to a litigant that seeks to use information as a ‘sword,’ in furtherance of a claim or defense, but at the same time ‘shields’ such information from discovery by invoking a privilege.”). Thus, in *Motor Up*, the respondent’s third-party consultants were required to produce testing reports and assessments prepared for the respondent in anticipation of litigation, notwithstanding the work product doctrine, because the respondent was relying on information contained in the documents in defense to the action. 1999 FTC LEXIS 262, at \*7-8. In *McWane*, the respondent was precluded from offering any evidence at trial that was withheld in discovery on privilege grounds. 2012 FTC LEXIS 126 at \*11, 14-15.

In the instant case, Respondent asserts that it is not offering or relying on advice-of-counsel as a defense on any issue, and further asserts that it will not elicit in testimony at trial any information that was withheld by the witnesses in their depositions. Respondent states that, as outside counsel, Mr. Pratt and Mr. Miller were responsible for the monitoring, protection, and enforcement of Respondent’s trademarks and, in that capacity, they sent cease and desist letters, communicated with alleged infringers’ counsel, and negotiated, drafted and enforced many of the Challenged Agreements.

It cannot be determined on the present record, outside the context of trial, that Respondent seeks to rely on its counsels’ opinions, advice, or other privileged information in defense of this action, or that Complaint Counsel will be unable to effectively challenge the witnesses’ trial testimony due to the privileged information withheld at their depositions. In this regard, it is noteworthy that Complaint Counsel has not sought to compel Mr. Pratt or Mr. Miller to provide the privileged information withheld at the deposition. *Compare In re OSF Healthcare Sys.*, 2012 FTC LEXIS 70 (March 19, 2012) (requiring production of reports protected by the work product doctrine to the extent that the respondents or their witnesses intended to rely on the reports or related data and findings). *See also In re Lidoderm Antitrust Litigation*, 2016 WL 4191612, at \*2 (Aug. 9, 2016) (granting motion for production or preclusion, where plaintiffs demonstrated that defendants were relying in part on attorney advice as a defense to the action). Accordingly, Complaint Counsel has failed to demonstrate that Mr. Pratt and Mr. Miller should be precluded from testifying at trial on the basis of the “sword and shield” theory.

B.

Complaint Counsel also contends that Mr. Pratt and Mr. Miller should be barred from testifying because, to the extent Respondent intends to elicit evidence of the *bona fides* of the trademark infringement claims underlying the Challenged Agreements, the witnesses' testimony is irrelevant under the Commission's Order. Respondent disputes Complaint Counsel's reading of the Commission's Order.


In granting Complaint Counsel's Motion for Partial Summary Decision, the Commission held that Respondent's Second Defense under the *Noerr-Pennington* doctrine was invalid because the Complaint only challenges private agreements. 2017 FTC LEXIS 19, at \*5-9. The Commission further held that there was no legal basis for Respondent's Third Defense, that the Complaint was barred because of failure to allege that the trademark infringement claims underlying the Challenged Agreements were "objectively and subjectively unreasonable." *Id.* at \*9. The Commission rejected Respondent's argument that under *FTC v. Actavis, Inc.*, 133 S. Ct. 2223 (2013), settlement agreements are immune from antitrust liability unless they are objectively and subjectively unreasonable, *i.e.*, that the underlying infringement claims are a "sham." 2017 FTC LEXIS 19, at \*9-11.

On the issue of the *bona fides* of the underlying trademark claims, the Commission held that "the *bona fide* nature of the underlying trademark dispute" would not be a defense "if 1-800 Contacts restricted competition beyond the scope of any property right that 1-800 Contacts may have in its trademarks," as alleged in paragraph 32 of the Complaint. 2017 FTC LEXIS 19, \*11 (Feb. 1, 2017) (emphasis added). This language does not mean that Respondent may not submit evidence at trial regarding the *bona fides* of the underlying trademark disputes, or otherwise challenging or rebutting Complaint Counsel's assertions that the Challenged Agreements restricted competition beyond the scope of Respondent's trademark rights. Accordingly, Complaint Counsel has failed to demonstrate that Mr. Pratt and Mr. Miller should be precluded from testifying at trial because of the Commission's Order.

IV.

For all the foregoing reasons, Complaint Counsel's Motion is DENIED. This Order is not a determination as to the admissibility of any particular testimony that may be offered at trial.

ORDERED:

  
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D. Michael Chappell  
Chief Administrative Law Judge

Date: April 3, 2017