

**INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION**  
Independent Review Process Panel

Namecheap, Inc.

Claimant,

- and -

Case Number: 01-20-0000-6787

Internet Corporation for Assigned Names  
and Numbers (ICANN)

Respondent.

**PROCEDURAL ORDER NO. 16**

**Introduction**

1. In Procedural Order No. 15, the Panel preliminarily addressed whether Respondent Internet Corporation for Assigned Names and Numbers (ICANN) properly asserted the attorney-client privilege with respect to the following documents:

- Annex 78 to the motion to compel brought by Claimant Namecheap, Inc. (Namecheap). Annex 78 is a 1 July 2021 email and attachment from Gwen Carlson to Brad White with a copy to Russ Weinstein.
- Document No. REV00023592, dated 22 January 2019, which was an attachment to Dr. Dennis Carlton's email of 22 January 2019. ICANN's privilege log identified this document as a "[d]raft memorandum prepared at the request of ICANN counsel reflecting legal advice from ICANN internal and external counsel re price control provisions in registry agreements."

**Annex 78**

2. In Procedural Order No. 15, the Panel indicated that it was not inclined to view the email exchange in Annex 78 (including the email attachment) as privileged, in part because nothing in the broader context of the email string (almost all of which was nonredacted) or the identity of its participants suggested a privileged communication. Nevertheless, because disclosure of a document cannot be undone, the Panel offered ICANN another opportunity to show that Annex 78 is privileged.

3. On 21 January 2022, ICANN responded with a letter from counsel

responding to “the Panel’s invitation to once again set out a *prima facie* case that the redacted portions of Annex 78 are privileged.” To be clear, the Panel was not interested in having ICANN “once again” make out a *prima facie* case. The dispute regarding Annex 78 has proceeded beyond the point that a *prima facie* showing of privilege is sufficient. A *prima facie* showing merely establishes a *rebuttable* presumption. *See, e.g.,* Cal.Evid.Code § 602. Here, Namecheap showed that, notwithstanding the assertion in ICANN’s privilege log, nothing about the document in question, almost all of which had been unredacted, suggested that it was privileged. In fact, as discussed in Procedural Order No. 15, the nonredacted material strongly suggested that the document was *not* privileged. At that point, California law allowed the adjudicator – here, the Panel – to direct the disclosure or examination of further information from ICANN to evaluate the basis for the privilege claim. *See, e.g., Costco Wholesale Corp. v. Superior Court*, 47 Cal.4th 725, 219 P.3d 736, 101 Cal.Rptr.3d 758 (2009); *Moeller v. Superior Court*, 16 Cal.4th 1124, 1135, 69 Cal.Rptr.2d 317, 947 P.2d 279 (1997).

4. In addition to its *prima facie* argument, however, ICANN also presented the declaration of Amy Stathos, Esq., Deputy General Counsel at ICANN. Ms. Stathos makes the following sworn statement:

ICANN Legal was well aware that there may be challenges to and/or litigation related to the 2019 renewals of the .BIZ, .INFO and .ORG registry agreements, such as this IRP. ICANN Legal therefore utilized the ICANN Issues Scorecard (“Scorecard”) that is attached to Annex 78 to communicate ICANN Legal’s privileged and confidential legal advice. In particular, the Scorecard contains ICANN Legal’s advice and strategy on the parameters of what ICANN should and should not state publicly regarding the renewals of the .BIZ, .INFO and .ORG registry agreements in anticipation of any such challenges. ICANN Legal’s advice was based, in part, on ICANN Legal’s analysis of the risks that ICANN faced or might face in connection with the 2019 renewals of the .BIZ, .INFO and .ORG registry agreements.

The redacted sentence in the body of the email identified as Annex 78 directly references (in fact, paraphrases) confidential content contained in the privileged portions of the Scorecard.

5. Based on Ms. Stathos’ sworn statement, the Panel sustains ICANN’s claim of privilege with respect to Annex 78.

6. The Panel's decision is also informed by the principle under California law that in "doubtful cases ... the privilege will be sustained." *In re 3dfx Interactive, Inc.*, 347 B.R. 394, 403 (N.D. Cal. 2006); *Wellpoint Health Networks, Inc. v. Superior Court*, 59 Cal.App.4th 110, 122, 68 Cal.Rptr.2d 844 (1997).

7. There still remains one issue, however. The paragraph from the email with the redaction states:

**Redacted - Confidential Information**

As noted in Namecheap's 31 January 2022 letter to the Panel, the author of the email, Ms. Gwen Carlson, is recommending disclosure of the privileged information referenced in the scorecard. This raises the question whether such disclosure actually occurred. ICANN is directed to advise the Panel on this point within three business days of this order.

#### **Dennis Carlton Communications**

8. In Procedural Order No. 15, the Panel accepted ICANN's proffer of an affidavit providing additional information to explain how the 2019 communications with Dr. Carlton at issue were reasonably necessary for the facilitation of legal advice. Ms. Stathos' declaration addressed this point as follows:

In late-2018, ICANN and Jones Day, ICANN's outside counsel, jointly retained Dr. Dennis Carlton, of Compass Lexecon, to provide economic analysis for the purpose of assisting ICANN's in-house legal department ("ICANN Legal"), as well as Jones Day, with providing legal advice to ICANN regarding the renewals of several registry agreements, including the .BIZ, .INFO, and .ORG Registry Agreements.

I intended and understood that the communications with Dr. Carlton and his team, as well as the draft memorandum prepared by Dr. Carlton in 2019, would be treated as confidential and subject to the attorney-client privilege. To the best of my knowledge, all communications with Dr. Carlton occurred only between ICANN Legal, Jones Day, and Dr. Carlton and members of his team. No unnecessary third parties were involved in any communications

with Dr. Carlton. Indeed, I did not share Dr. Carlton's draft memorandum with anyone other than certain attorneys within ICANN Legal and Cyrus Namazi, who at the time was the Vice President of ICANN's Global Domains Division.

I always intended my communications with Dr. Carlton and the draft memorandum he prepared to be protected by the attorney-client privilege. To my knowledge, Jones Day shared the same intention.

9. Namecheap responded as follows in correspondence on 31 January 2022:

ICANN has decided to call Prof. Carlton as an expert witness in this IRP. Thus, ICANN is consenting to the waiver of any claim of attorney-client privilege over ICANN's communications with Prof. Carlton, including Prof. Carlton's 2019 memorandum opining on the very issue at the heart of this matter. ICANN attempts to slice a thin hair in arguing the difference between the purpose for which Prof. Carlton was consulted in 2019 versus the opinion he intends to provide in this IRP. Indeed, ICANN argues that Prof. Carlton was retained for the purpose of '*assisting counsel with providing legal advice to ICANN regarding the .BIZ, .INFO, and .ORG Registry Agreements, among other registry agreements*' (p. 5), but that Prof. Carlton was retained in this IRP '*to evaluate and respond to Namecheap's experts' theories as to how Namecheap alleged has been harmed by the transition of the .BIZ, .INFO, and .ORG Registry Agreements to the Base Registry Agreement*' (p. 8). The root of the harm here is the removal of price caps from the Registry Agreements themselves, the issue in 2019 and the issue here.

(Emphasis in original.)

Namecheap argued further that "[i]n much the same way that a party waives attorney-client privilege when the party calls his own attorney to testify, a party waives attorney-client privilege when calling his consulting expert to the stand" and that "when an expert witness is expected to testify, the expert's report, which was subject to the conditional work product protection, becomes discoverable, as the mere fact that the expert is expected to testify generally establishes good cause for its disclosure."

10. Before ruling on this issue, the Panel wishes to have the parties address the following authority at the upcoming status conference on 14 February 2022:

- *DeLuca v. State Fish Co.*, 217 Cal. App. 4th 671, 158 Cal. Rptr. 3d 761 (2013), which was summarized in the CALIFORNIA JUDGES BENCHBOOK as follows:

A consulting expert's report, prepared at the attorney's request and with the purpose of assisting the attorney in trial preparation, constitutes work product entitled to conditional protection and is barred from discovery in the absence of good cause. *DeLuca v State Fish Co., Inc.* (2013) 217 CA4th 671, 688, 158 CR3d 761.

The situation is different, however, with a testifying expert. As a general rule, neither the attorney-client privilege nor the work product protection will prevent the disclosure of statements to, or reports from, a testifying expert. 217 CA4th at 689. When an expert witness is expected to testify, the expert's report, which was subject to conditional work product protection, becomes discoverable, because the mere fact that the expert is expected to testify generally establishes good cause for its disclosure. 217 CA4th at 689. Case authority has drawn a bright line at the point when it becomes reasonably certain that the expert will testify, holding that the attorney-client privilege and work product protection apply before this point, but not after it. 217 CA4th at 690. If an attorney wishes to keep the work product conveyed to a consulting expert protected, the attorney may do so by not designating the expert as a testifying expert. 217 CA4th at 692.

An exception has been carved out when a party seeks pretrial discovery of an expert's written report that contains both information relevant to the opinion the expert will give as a testifying expert and the expert's advice on trial preparation matters conveyed as a consulting expert. 217 CA4th at 690. *An expert's opinion regarding the subject matter about which the expert is a prospective testifying expert is discoverable, but the expert's advice rendered to the attorney in an advisory capacity is still subject to conditional work product*

*protection*. 217 CA4th at 690. When an expert’s written report was prepared both as a consulting expert and as a testifying expert, a judge is often required to conduct an in camera review of the report, to separate out the information provided as a consultant from the information provided as a testifying expert. The latter information is discoverable, while the former is discoverable only on a showing of good cause. 217 CA4th at 690.

CALIFORNIA JUDGES BENCHBOOK, CIV. PROC. DISCOVERY, § 4.50 (emphasis added).

In particular, the Panel requests the parties’ views on whether the highlighted language above reflects current California law. If so, how does this impact the privilege analysis with respect to Dr. Carlton’s 2019 communications?

- *Nat'l Steel Prod. Co. v. Superior Ct.*, 164 Cal. App. 3d 476, 210 Cal. Rptr. 535 (Ct. App. 1985), in which the court held that:

By identifying the expert as a witness in litigation concerning client's allegedly negligent fabrication of a building in California, the client waived the attorney-client privilege with respect to a report prepared by the expert to assist client's counsel in prior litigation pertaining to client's fabrication of a building in New York since in the general sense the prior report was an opinion of the expert respecting the subject matter about which he was a prospective witness, namely the client's fabrication of the California building.

Likewise, in “the general sense” here, is “the prior report [of Dr. Carlton in 2019] an opinion of the expert respecting the subject matter about which he [will be] a prospective witness” in this matter? *Id.*

11. To the extent the parties wish to direct the Panel’s attention to any additional authority that neither party has previously cited, they may do so by Friday, 11 February 2022, noon Pacific Time.

Conclusion

12. The Panel has unanimously agreed upon the terms of this Procedural Order, which is signed by the Chair of behalf of the Panel at the request of his co-panelists.

**As at Los Angeles, California, USA  
4 February 2022**

**FOR THE PANEL:**

**Glenn P. Hendrix  
Chair**

Conclusion

12. The Panel has unanimously agreed upon the terms of this Procedural Order, which is signed by the Chair of behalf of the Panel at the request of his co-panelists.

**As at Los Angeles, California, USA  
4 February 2022**

**FOR THE PANEL:**



**Glenn P. Hendrix  
Chair**