

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. 17

Dennis Carlton Communications

1. The procedural background concerning the motion by Claimant Namecheap, Inc. (“Namecheap”) to compel the production of a report prepared in 2019 by Dr. Dennis Carlton is set forth in Procedural Orders 15 and 16. The report in question bears the bates number, REV00023592, and was attached to an email from Dr. Carlton dated 22 January 2019. The privilege log provided by Respondent Internet Corporation for Assigned Names and Numbers (“ICANN”) 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.”

2. In Procedural Order No. 16, the Panel noted Namecheap’s argument that in deciding “to call Prof. Carlton as an expert witness in this IRP ... ICANN is consenting to the waiver of any claim of attorney-client privilege ... [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.”

3. The Panel indicated in Procedural Order No. 16 that it would rule on this issue following oral argument by the parties on 14 February 2022. The Panel also directed the parties’ attention to two California cases – *DeLuca v. State Fish Co.*, 217 Cal.

App. 4th 671 (2013) and *Nat'l Steel Prod. Co. v. Superior Ct.*, 164 Cal. App. 3d 476 (Ct. App. 1985)—and asked that they be addressed at the hearing. In an email to the parties on 11 February 2022, the Panel further noted that the foregoing cases “discuss the possibility of *in camera* review in the context of distinguishing between services rendered in an advisory capacity or as an expert witness. The parties should be prepared to discuss whether an *in camera* review would be appropriate here.”

4. Oral argument was conducted via Zoom videoconference on 14 February, from 8:30 a.m. to approximately 11:00 a.m. Pacific Time. The following individuals participated:

Flip J. Petillion (Petillion, Huizingen, Belgium), counsel for Namecheap, Inc.
 (“Namecheap”)

Jan Janssen (Petillion, Huizingen, Belgium), counsel for Namecheap

Eric Enson (Jones Day, Los Angeles, CA), counsel for ICANN

Nathan Gencarella (Jones Day, Los Angeles, CA), counsel for ICANN

Casandra Furey (Associate General Counsel, ICANN)

Glenn P. Hendrix, Chair, Independent Review Panel (the “Panel”)

Grant L. Kim, Panel Member

Christof Siefarth, Panel Member

Tom Simotas, International Centre for Dispute Resolution (“ICDR”)¹

5. Having considered the parties’ written submissions and oral argument, the Panel directs that Dr. Dennis Carlton’s January 2019 report (Document No. REV00023592) be submitted to the Panel for *in camera* review within three business days of this Order.

6. As addressed in prior procedural orders, California law, supplemented by U.S. federal law, applies to ICANN’s claims for privilege. *See* Procedural Order No. 15, ¶ 22; Procedural Order No. 16, ¶¶ 6, 10; *see also Afiliat Domains No. 3 Ltd. v. ICANN*, ICDR Case No. 01-18-0004-2702, Procedural Order No. 4, ¶ 33 (12 June 2020).

7. The Panel deems the attorney-client privilege to have been waived with respect to Dr. Carlton’s 2019 report once Dr. Carlton was identified as a witness and his testimonial expert report was submitted to the Panel. *See Nat'l Steel*, 164 Cal. App. 3d at 484.

8. Nevertheless, this still leaves the attorney work product doctrine, which is

¹ Mr. Simotas participated only at the beginning of the hearing.

recognized in Rule 8 of the Interim Supplementary Procedures for the ICANN Independent Review Process (the “IRP Procedures”) (providing for the disclosure of documents that “are not subject to the attorney client privilege, the work product doctrine or otherwise protected from disclosure by applicable law”). Namecheap argued during the 14 February hearing that ICANN had failed to assert an objection based on work product protection. While Namecheap is correct that ICANN did not refer to the attorney work product doctrine in its written arguments, ICANN did rely on the work product doctrine during oral argument. It also specifically cited the work product doctrine in objecting to Namecheap’s request for the production of economic studies, such as Dr. Carlton’s report. *See* ICANN’s Responses and Objections to Namecheap’s Requests for the Production of Documents, Request No. 2 (“ICANN also objects to this Request to the extent it seeks documents protected by the attorney-client privilege, work product doctrine, or any other applicable privilege”).²

9. Under California law, a consulting expert’s report, prepared at the attorney’s request may constitute work product that is entitled to conditional protection from discovery. *DeLuca v. State Fish Co.*, 217 Cal. App. 4th 671 (2013). A different rule applies, however, with respect to testifying experts, whose reports are not generally protected from disclosure. 217 Cal. App. 4th at 689. “If an attorney wishes to keep the work product conveyed to a consulting expert protected, the attorney may do so by the simple expedient of not designating the expert as a testifying expert.” *Id.* at 692.

10. However, *DeLuca* further explains that “an exception has been carved out when a party seeks pretrial discovery of the written report of an expert which contains both: (1) information relevant to the opinion the expert will give as a testifying expert; and (2) the expert’s advice on trial preparation matters, conveyed as a consulting expert.” *Id.* at 690. “[T]he mere fact the expert may have the dual status of a prospective witness and of adviser to the attorney, does not remove the product of his services rendered exclusively in an advisory capacity, as distinguished from the product of services which qualify him as an expert witness, from the work product limitation upon discovery.” *Id.* (quoting *Scotsman Mfg. Co. v. Superior Court* 242 Cal. App. 2d 527, 531 (1966).) An expert’s opinion regarding the subject matter about which the expert is a prospective testifying

² Namecheap also noted during oral argument that Dr. Carlton’s 2019 report was prepared prior to the commencement of this IRP or other legal proceedings. However, unlike the federal work product doctrine, California’s work product doctrine is not limited to writings and materials created in anticipation of litigation or for trial. Work product prepared in a non-litigation capacity is also protected. *See County of Los Angeles v. Super. Ct.*, 82 Cal. App. 4th 819, 833 (2000); *State Comp. Ins. Fund v. Super. Ct.*, 91 Cal. App. 4th 1080, 1091 (2001); *Laguna Beach Cnty. Water Dist. v. Super. Ct.*, 124 Cal. App. 4th 1453, 1461 (2004).

expert is discoverable, but the expert's advice rendered to the attorney in an advisory capacity is still subject to conditional work product protection. *DeLuca*, 217 Cal. App. 4th at 690.

11. Therefore, "when an expert's written report was prepared both as a consulting expert and a testifying expert, a trial court 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; the former is discoverable only upon a showing of good cause." *Id.*; see also CALIFORNIA JUDGES BENCHBOOK, CIV. PROC. DISCOVERY, § 4.50.

12. Here, Dr. Carlton has been identified by ICANN as a testifying expert in this proceeding and has already submitted an expert report. Thus, the Panel must determine whether Dr. Carlton's 2019 report "regard[s] the subject matter about which [Dr. Carlton] is a prospective testifying expert." *DeLuca*, 217 Cal. App. 4th at 690.

13. ICANN argues that Dr. Carlton's retention as an expert witness in this IRP was for a different purpose than his retention in 2018-2019, maintaining that he "was retained here in this IRP to evaluate and respond to Namecheap's experts' theories as to how Namecheap allegedly has been harmed by the transition of the .BIZ, .INFO, and .ORG Registry Agreements to the Base Registry Agreement." (ICANN letter to the IRP Panel dated 21 January 2022).

14. Yet Dr. Carlton also addresses the following in his testifying report, as reflected in the table of contents: "Price regulation of .ORG, .INFO, and .BIZ is not warranted, given that regulation has costs and the benefits of regulation are unlikely to be significant," and "[t]here are strong justifications for not reimposing price controls" on .ORG, .INFO and .BIZ. It appears that Dr. Carlton's 2019 report may at least touch upon the same issue. In its letter of 21 January 2022, ICANN states that Dr. Carlton was retained in 2018-19 for the purpose of "assisting counsel with providing legal advice to ICANN regarding the .BIZ, .INFO, and .ORG Registry Agreements, among other registry agreements." Similarly, on 21 December 2021, ICANN stated that Dr. Carlton's 2019 report "relat[ed] to the contract negotiations for the .BIZ, .INFO, and .ORG registry agreements." On 24 November 2021, ICANN stated that Dr. Carlton was "an economic consultant" retained "for the express purpose of providing legal advice by Jones Day and by ICANN's in-house legal department relating to the contract negotiations for the .BIZ, .INFO, and .ORG registry agreements."

15. It seems reasonable to infer that Dr. Carlton, as an economic consultant,

would have been advising on the pricing provisions in connection with the contract negotiations for the .BIZ, .INFO, and .ORG registry agreements. Thus, the Panel deems an *in camera* review appropriate to determine whether Dr. Carlton’s 2019 report “regard[s] the subject matter about which [Dr. Carlton] is a prospective testifying expert.” *DeLuca*, 217 Cal. App. 4th at 690.

16. The decision in *Nat'l Steel Prod. Co. v. Superior Ct.*, 164 Cal. App. 3d 476 (Ct. App. 1985) supports that conclusion. That case involved a testifying expert in litigation concerning the fabrication of a metal building in California. The manufacturer asserted that both the attorney-client privilege and the work product doctrine precluded discovery of a report that the same expert had prepared, as a non-testifying consultant, to assist counsel in prior litigation pertaining to the fabrication of a similar building in New York. 164 Cal. App. 3d at 481-82. The prior report was not disclosed in the prior New York litigation, which settled before trial, and the expert was not deposed or identified as a witness in that case. *Id.* at 482.

17. The California court held that by designating the same expert as a testifying expert regarding the California building, the manufacturer had waived the attorney-client privilege as to the prior report regarding the New York building. 164 Cal. App. 3d at 482-85. The court noted that “the information and opinion of an expert respecting the subject matter about which he is a prospective witness are subjects of discovery....” *Id.* at 485 (citing *Sanders v. Superior Court*, 34 Cal. App. 3d 270, 279 (1973)). The court found that the prior New York report was such an opinion, “[i]n a general sense,” because it addressed the design and fabrication of a metal building, and the expert testimony in the California case would presumably address a similar topic (although with regard to a different metal building). *Id.* Thus, the “expert’s previous report on the New York building may either support or impeach the expert’s new conclusions regarding the California building.” *Id.* at 488.

18. After concluding that the attorney-client privilege did not preclude disclosure, the court in *National Steel* then held that the California work product protection extended to the prior New York report, since it had been prepared in connection with the New York litigation. 164 Cal. App. 3d at 487. The court found, however, that the work product privilege is conditional and may be overcome upon a showing of good cause. *Id.* at 487-89. Because of the conditional nature of this privilege, the court ordered the report to be produced for *in camera* review so the court could determine what portion, if any, of the report should be produced.

19. Likewise, here, “in a general sense,” Dr. Carlton’s 2019 report appears to concern “the subject matter about which he is a prospective witness” and “may either support or impeach [his] new conclusions” in this proceeding. *Id.* By presenting Dr. Carlton as a testifying expert, ICANN has potentially exposed Dr. Carlton’s prior report on a similar subject to disclosure, notwithstanding the attorney-client privilege.

20. That ICANN describes Dr. Carlton’s 2019 report as a “draft” memorandum does not alter the Panel’s conclusion. Based on the discussion during the 14 February hearing, the Panel understands that the report was not a “draft” in the sense of constituting a preliminary version of a document that was later revised and finalized. Rather, the report concluded Dr. Carlton’s work on that particular project. According to ICANN counsel, the 2019 report is designated as a “draft” because it was not signed by Dr. Carlton. Apparently, appending a signature (or not) to a document is a matter of some significance to Dr. Carlton (and perhaps economics experts more generally). The Panel deems the lack of a signature as potentially going to the weight to be assigned to the 2019 report, but not its discoverability.

21. To conclude, Dr. Carlton’s 2019 reports appears to be subject to the work product doctrine, but work product protection is conditional in nature. Accordingly, the Panel orders ICANN to produce the report for an *in camera* review. The Panel will then follow the three-step process outlined in *National Steel*:

First the [Panel] should determine if the report, in whole or part, “... reflects an attorney’s impressions, conclusions, opinions, or legal research or theories” The work product that this definition represents is absolutely privileged; it cannot be discovered under any circumstances. The [Panel] need go no further in [its] analysis unless all or easily severable portions of the report do not so reflect the thoughts of an attorney.

Steps two and three of the *in camera* inspection are applicable only to those portions of the report that are not absolutely privileged. In step two the [Panel] should determine whether the report, in whole or part, is advisory or not.... The portions of the report that are advisory are protected by the conditional work-product privilege; the portions that are not advisory are discoverable if easily severable.

Finally, in step three, which is applicable only to advisory portions of the report that are not absolutely privileged, if any, the [Panel] should

determine whether other good cause for discovery outweighs the principles supporting the conditional work-product privilege.

164 Cal. App. 3d at 489-90 (citations omitted).

Namecheap's Request Regarding ICANN Witnesses

22. The procedural background regarding this issue is outlined in Procedural Order No. 15. Briefly summarizing, on 14 December 2021, Namecheap provided the following list of current or former ICANN-affiliated individuals who it wished to call as witnesses (the "proposed ICANN witnesses"):

Cherine Chalaby, Past Chair, ICANN

Becky Burr, Director, ICANN Board

Matthew Shears, Director, ICANN Board

Russell Weinstein, ICANN, Vice President, Global Domains Division ("GDD")
Accounts and Services

Amy Stathos, ICANN, Deputy General Counsel

Vinciane Koenigsfeld, ICANN, Vice President, Board Operations

Karla Hakansson, ICANN, GDD Programs Director

Karen Lentz, ICANN, Vice President, Policy Research and Stakeholder Programs

Cyrus Namazi, former ICANN, Vice President, GDD

Dennis Carlton, Senior Managing Director, Compass Lexecon (ICANN contractor)

23. On 20 December 2021, ICANN presented its list of witnesses, three of whom—Mr. Weinstein, Ms. Burr and Dr. Carlton—were among the ten individuals identified in Namecheap's list of requested witnesses. ICANN's witness list did not include the past Chair of the ICANN Board, Cherine Chalaby, but ICANN did list the current ICANN Board Chair, Maarten Botterman.³

24. In Procedural Order No. 15, the Panel directed, *inter alia*, that the parties brief whether the IRP Procedures foreclose the possibility of the Panel ordering a party to provide for, or to use its best efforts to provide for, the appearance for oral testimony

³ Consistent with typical international arbitration practice, the procedural orders and schedule in this case provide for each party to submit written statements before the hearing from witnesses identified by the party presenting the witness, with an opportunity for the other party to cross-examine those witnesses at the hearing. The schedule did not contemplate that a party would have the right to require live testimony by a witness who had not previously submitted a written witness statement.

at a hearing of a person for whom a written witness statement has not been offered. The Panel also directed that as to each individual witness, Namecheap establish whether and how the requested oral testimony is: (1) necessary for a fair resolution of the claim; (2) necessary to further the purposes of the IRP; and (3) considerations of fairness and furtherance of the purposes of the IRP outweigh the time and financial expense of witness testimony and cross examination. The Panel further directed that Namecheap's showing include an explanation of why testimony from the individual witness is likely to be material to the outcome of this case and would not be merely cumulative of testimony from the witnesses already identified by ICANN.

25. As provided in Procedural Order No. 15, Namecheap submitted its Brief on the Need to Subpoena Designated Witnesses and Motion for an In-Person Hearing on 26 January 2022. ICANN submitted its responsive brief on 7 February 2022.

26. Having considered the parties' written submissions and oral argument on 14 February 2022, the Panel is not convinced by ICANN's arguments that an IRP panel lacks the power to direct that a party provide for, or to use its best efforts to provide for, a witness' appearance for testimony, including witnesses for whom no written witness statement has been provided; nor is the Panel convinced that it lacks the power to issue subpoenas in accordance with 9 U.S.C. § 9 and Cal. Civ. Proc. Code § 1297.271, as further discussed in Procedural Order No. 15, ¶¶ 40-48.

27. Nevertheless, the Panel need not (and, to be clear, does not) reach this issue because it declines to order the appearance of the proposed ICANN witnesses on other grounds.

28. As a general matter in international arbitration, "each party is free to nominate whatever witnesses it wishes to support its case. *Only exceptionally* will the tribunal direct that a particular witness be made available by one of the parties or authorize the parties to request that their adversary produce designated witnesses." GARY B. BORN, INT'L ARBITRATION: LAW & PRACTICE (3RD ED.), § 8.05[T], at 288 (2015) (emphasis added).

29. In IRPs, ordering that a party produce witnesses designated by its adversary appears to be beyond "exceptional." ICANN has represented, without contradiction by Namecheap, that no IRP panel has ever entered such an order.

30. Indeed, there is a presumption in IRPs against *any* witness evidence at all. Rule 5A of the IRP Procedures states that "[a]ll hearings shall be limited to argument

only unless the IRP Panel determines that a the [sic] party seeking to present witness testimony has demonstrated that such testimony is: (1) necessary for a fair resolution of the claim; (2) necessary to further the PURPOSES OF THE IRP; and (3) considerations of fairness and furtherance of the PURPOSES OF THE IRP outweigh the time and financial expense of witness testimony and cross examination.” Thus, directing a party to make particular witnesses available – if permitted at all – should occur even more exceptionally in IRPs than in international arbitration. Furthermore, Rule 5A provides that “[a]ll evidence, including witness statements, must be submitted in writing 15 days in advance of any hearing.” Even if this Rule does not absolutely prohibit the appearance for oral testimony at a hearing of a person for whom a written witness statement has not been offered, it does suggest that such testimony should occur only in extraordinary circumstances.

31. The Panel concludes that such extraordinary circumstances are not present here. This is *not* to diminish the importance of the issues in the case. Rather, it reflects the evidentiary posture of the proceedings relative to the issues presented.

32. In that regard, Claimant maintains that “Namecheap and the Internet community deserve transparency and the opportunity that ICANN explains why it has removed the price caps and how it has done so. In view of the limited written record, the only possibility is via live testimony.” (Namecheap’s Brief on the Need to Subpoena Designated Witnesses and Motion for an In-Person Hearing, ¶ 54.) Namecheap argued that the three fact witnesses for whom ICANN has submitted written statements (Mr. Botterman, Ms. Burr, and Mr. Weinstein) cannot adequately address all material issues, and that testimony from the additional witnesses identified by Namecheap would be non-cumulative and is necessary to address important issues. At the 14 February hearing, Namecheap argued in particular that the testimony of Mr. Chalaby, Mr. Namazi, and Mr. Shears is necessary to address issues that Mr. Botterman, Ms. Burr, and Mr. Weinstein cannot address.

33. ICANN replied that Mr. Botterman, Ms. Burr, and Mr. Weinstein can cover all material issues, and that the additional witness testimony sought by Namecheap is either cumulative or not material to the issues presented by this case.

34. Having considered the arguments presented by both parties, the Panel concludes that Namecheap has not demonstrated that ordering the oral testimony of witnesses for whom no written witness statements have been offered is so “necessary for a fair resolution of the claim” as to mandate their appearance. First, most of the

testimony that Namecheap seeks seems cumulative in nature. Had ICANN not identified any ICANN staff or board members as witnesses, the Panel may have reached a different conclusion, but ICANN has designated four witnesses, including three who were also identified by Namecheap. The fourth is ICANN's Board Chair.⁴ ICANN has represented that these witnesses will be prepared to address all issues. Second, even if the witnesses identified by ICANN are unable to address certain issues raised by Namecheap, or – to quote Namecheap's brief – if ICANN's witnesses cannot "explain[] why it has removed the price caps and how it has done so," that risk is ICANN's. It is up to ICANN to explain the reasons for its decision and to identify the witnesses through whom that explanation will be presented. If ICANN's explanations prove inadequate, or if the witnesses called by ICANN are unable to address some of the factual issues raised by Namecheap, this could result in certain factual determinations being resolved in Namecheap's favor. But that is ICANN's assessment to make.⁵

35. Accordingly, Namecheap's motion to subpoena the proposed ICANN witnesses is denied.

Namecheap's Motion for an In-Person Hearing

36. Namecheap has requested an in-person hearing. ICANN opposes that request, noting that Rule 5A of the IRP Procedures requires this Panel to "conduct its proceedings by electronic means to the extent feasible" and that this presumption can only be rebutted "under extraordinary circumstances." ICANN also notes that "even if an in-person hearing might be considered under non-pandemic circumstances, the 'extraordinary circumstances' of the current situation necessitate a virtual hearing given the uncertainty and risks posed by the pandemic and the associated restrictions on international and domestic travel." (ICANN's Brief in Opposition to the Subpoenaing of Additional Witnesses and Claimant's Motion for an In-Person Hearing, ¶ 32.) ICANN states further that ICANN is still operating remotely "and, due to the recent surge in the pandemic, does not yet have set dates by which it expects staff to return to the office." *Id.*

37. Given the uncertainty surrounding the pandemic and advances in remote

⁴ ICANN represents that in no IRP has it ever called a greater number of witnesses and in only one IRP has it ever called the same number.

⁵ Were ICANN to timely seek leave to submit supplemental statements from the witnesses that Namecheap has identified and for whom ICANN has not submitted a statement, the Panel would be inclined to grant the request.

hearing technology even since Rule 5A set forth the presumption that IRP hearings would be conducted by electronic means, the Panel concludes that the hearing should be conducted remotely. The Panel emphasizes that this does *not* reflect on the importance of the issues raised in this IRP.

Hearing Logistics

38. As stated in the Panel's 17 February 2022 email to the parties, the hearing will start each day at 7 a.m. Pacific Time and will likely continue up to five hours each day, inclusive of breaks. The Panel has reserved the week of 28 March to 1 April, 2022 for the hearing.

39. The parties have suggested that closing arguments/questions from the Panel be separated from the evidentiary portion of the hearing. Following up on that suggestion, and having solicited the parties' availability, the closing session of the hearing will be conducted on April 13, starting at 8 a.m. Pacific Time. The closing session will largely be in the format of a dialogue with the Panel.

40. Fact witnesses will be taken first followed by experts, regardless of the party calling each category of witnesses. The economics experts will each be examined by the parties, followed by a witness conferencing session with the Panel and counsel for the parties.

41. The parties are requested to meet and confer as to which witnesses (both fact and expert) will appear for cross-examination and to advise the Panel prior to the next prehearing conference (scheduled for 17 March 2022) of the proposed witness slotting for each day. The parties are also requested to confer as to other hearing logistics, such as retaining a court reporter and, perhaps, someone to assist with the logistics of the Zoom hearing (e.g., displaying exhibits, breakout rooms, etc.).

42. Opening statements will be strictly limited to 50 minutes per side.

43. The hearing will be conducted using the ICDR's Zoom platform.

44. As discussed with the parties during the 14 February 2022 hearing, the parties shall prepare a cumulative list of all submissions, exhibits, legal authorities, and other supporting materials submitted in this proceeding to date, with the dates that such materials were previously submitted. The Panel requests that the parties share these materials on a USB or via a share link that remains accessible throughout the remainder of these proceedings. Any documents cited by URL should be included in these

materials to the extent the parties wish to have them included in the record. All such materials should be submitted by no later than 10 March 2022.

45. As also discussed during the 14 February hearing, the parties are encouraged to submit tabbed “key document” binders that include what each party considers to be the most important exhibits and legal authorities that have previously been submitted in this IRP. The Panel has received electronic copies of all exhibits and legal authorities, so key document binders (with double-sided copies) should be limited to a relatively small set of the most critical documents only. The Panel would prefer to avoid overly thick binders, which can be difficult to work with.

46. Additional hearing logistics will be addressed during the prehearing conference on 17 March 2022. The parties are encouraged to raise any logistical or procedural issues that they wish to cover during the prehearing conference in advance of the conference.

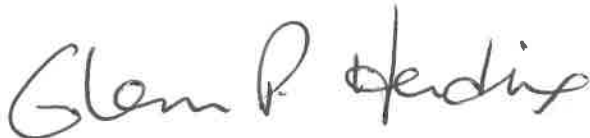
Conclusion

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

As at Los Angeles, California, USA

27 February 2022

FOR THE PANEL:



Glenn P. Hendrix
Chair