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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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IN THE MATTER OF THE QWEST  
CORPORATION'S COMPLIANCE WITH  
SECTION 252(e) OF THE  
TELECOMMUNICATIONS ACT OF 1996.

DOCKET NO. RT-00000F-02-0271

IN THE MATTER OF U S WEST  
COMMUNICATIONS, INC.'S COMPLIANCE  
WITH § 271 OF THE  
TELECOMMUNICATIONS ACT OF 1996.

DOCKET NO. T-00000A-97-0238

ARIZONA CORPORATION COMMISSION,  
  
Complainant,  
  
v.  
  
QWEST CORPORATION,  
  
Respondent.

DOCKET NO. T-01051B-02-0871

**QWEST CORPORATION'S NOTICE  
OF SUPPLEMENTAL CITATION OF  
AUTHORITY**

Qwest Corporation ("Qwest") hereby files this notice of supplemental citation of authority regarding AT&T Communications of the Mountain States, Inc. and TCG Phoenix (collectively "AT&T") August 18, 2003 Motion to Compel responses to its Fifth Set of Data Requests to Qwest. On August 26, 2003, Qwest filed a response to AT&T's motion to compel and now files this supplemental citation, which attaches a copy of a recently decided case, *Goodyear Tire & Rubber Co., v. Chiles Power Supply, Inc.*, 332 F.3d 976 (6<sup>th</sup> Cir. 2003), as Exhibit A.

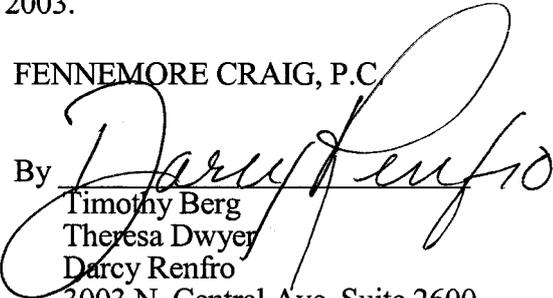
*Chiles* is directly on point with the issues raised in both AT&T's motion to compel

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and Qwest's response. As a matter of first impression, the Sixth Circuit Court of Appeals in *Chiles* held that communications made in furtherance of settlement are privileged and protected from third-party discovery under Rule 408 of the Federal Rules of Civil Procedure, which directly parallels Rule 408 of the Arizona Rules of Civil Procedure.

At issue in *Chiles* was whether Rule 408 and policies underlying the rule should be applied to actual discovery, rather than simply applying to the admissibility of evidence at trial, therefore, limiting the right to discovery under Rule 26(b)(1), R. Civ. Pro. See *Chiles*, 332 F.3d at 979. The Court determined that "there exists a strong public interest in favor of secrecy matters discussed by parties during settlement negotiations. This is true whether settlement negotiations are done under the auspices of the court or informally between parties." *Id.* at 980. In so stating, the *Chiles* court upheld a District Court's decision to deny a motion to vacate a confidentiality order even when the communications deemed confidential under Rule 408 were made *after* a case is closed. *Id.* at 978.

DATED this 2<sup>nd</sup> day of September, 2003.

FENNEMORE CRAIG, P.C.  
By   
Timothy Berg  
Theresa Dwyer  
Darcy Renfro  
3003 N. Central Ave, Suite 2600  
Phoenix, Arizona 85012  
(602) 916-5421  
Attorneys for Qwest Corporation

ORIGINAL and 17 copies filed this 2<sup>nd</sup> day of ~~August~~ September, 2003 with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

1 COPY hand-delivered this 2<sup>nd</sup> day of September, 2003 to:

2 Lyn Farmer, Chief Administrative Law Judge  
3 Jane Rodda, Administrative Law Judge  
4 ARIZONA CORPORATION COMMISSION  
5 Legal Division  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8 Chris Kempley, Chief Counsel  
9 Maureen Scott, Counsel  
10 Michelle Finical  
11 ARIZONA CORPORATION COMMISSION  
12 Legal Division  
13 1200 West Washington  
14 Phoenix, Arizona 85007

15 Ernest G. Johnson  
16 Director, Utilities Division  
17 ARIZONA CORPORATION COMMISSION  
18 1200 West Washington  
19 Phoenix, Arizona 85007

20 COPY mailed this 2<sup>nd</sup> day of September, 2003 to:

21 Michael M. Grant  
22 Todd C. Wiley  
23 GALLAGHER & KENNEDY  
24 2575 E. Camelback Road  
25 Phoenix, AZ 85016-9225

Thomas Campbell  
LEWIS & ROCA  
40 N. Central Avenue  
Phoenix, AZ 85004

26 Curt Huttsell  
State Government Affairs  
ELECTRIC LIGHTWAVE, INC.  
4 Triad Center, Suite 200  
Salt Lake City, UT 84180

Andrew O. Isar  
TELECOMMUNICATIONS RESELLERS  
ASSOC.  
4312 92<sup>nd</sup> Avenue, NW  
Gig Harbor, WA 98335

Brian Thomas  
TIME WARNER TELECOM, INC.  
520 SW 6<sup>th</sup> Avenue, Suite 300  
Portland, OR 97204

Raymond Heyman  
Michael Patten  
ROSHKA, HEYMAN & DEWULF  
400 E. Van Buren, Ste. 900  
Phoenix, AZ 85004-3906

Eric S. Heath  
SPRINT COMMUNICATIONS CO.  
100 Spear Street, Suite 930  
San Francisco, CA 94105

Thomas F. Dixon  
WORLD COM, INC.  
707 N. 17<sup>th</sup> Street #3900  
Denver, CO 80202

1 Joan S. Burke  
2 OSBORN MALEDON, P.A.  
3 2929 N. Central Ave., 21<sup>st</sup> Floor  
4 PO Box 36379  
5 Phoenix, AZ 85067-6379

6 Scott S. Wakefield  
7 RUCO  
8 1110 W. Washington, Suite 220  
9 Phoenix, AZ 85007

10 Rod Aguilar  
11 AT&T  
12 795 Folsom Street, #2104  
13 San Francisco, CA 94107-1243

14 Daniel Waggoner  
15 Greg Kopta  
16 Mary Steele  
17 DAVIS, WRIGHT & TREMAINE  
18 2600 Century Square  
19 1501 Fourth Avenue  
20 Seattle, WA 98101

21 Diane Bacon, Legislative Director  
22 COMMUNICATIONS WORKERS OF  
23 AMERICA  
24 5818 N. 7<sup>th</sup> St., Ste. 206  
25 Phoenix, AZ 85014-5811

26 Diane Peters  
GLOBAL CROSSING  
180 South Clinton Avenue  
Rochester, NY 14646

Traci Grundon  
Mark P. Trincherro  
DAVIS, WRIGHT & TREMAINE  
1300 S.W. Fifth Avenue  
Portland, OR 97201

Mark DiNuzio  
COX COMMUNICATIONS  
20402 North 29<sup>th</sup> Avenue  
Phoenix, AZ 85027-3148

Kevin Chapman  
SBC TELECOM, INC.  
1010 N. St. Mary's, Room 13K  
San Antonio, TX 78215-2109

Richard S. Wolters  
AT&T LAW DEPARTMENT  
1875 Lawrence Street, #1575  
Denver, CO 80202

Joyce Hundley  
U.S. DEPARTMENT OF JUSTICE  
Antitrust Division  
1401 H Street N.W. #8000  
Washington, DC 20530  
Mark N. Rogers  
EXCELL AGENT SERVICES, LLC  
P.O. Box 52092  
Phoenix, AZ 85072-2092

Andrea Harris, Senior Manager  
ALLEGIANCE TELECOM INC OF  
ARIZONA  
2101 Webster, Ste. 1580  
Oakland, CA 94612

Douglas Hsiao  
Jim Scheltema  
BLUMENFELD & COHEN  
1625 Massachusetts Ave. NW, Ste. 300  
Washington, DC 20036

Kimberly M. Kirby  
DAVIS DIXON KIRBY LLP  
19200 Von Karman Avenue  
Suite 600  
Irvine, CA 82612

Al Sterman  
ARIZONA CONSUMERS COUNCIL  
2849 East 8<sup>th</sup> Street  
Tucson, AZ 85716

1 David Conn  
2 Law Group  
3 MCLEODUSA INCORPORATED  
4 6400 C. Street SW  
5 PO Box 3177  
6 Cedar Rapids, IA 52406-3177

7 Barbara Shever  
8 LEC Relations Mgr – Industry Policy  
9 Z-TEL COMMUNICATIONS, INC.  
10 601 S. Harbour Island, Ste. 220  
11 Tampa, FL 33602

12 Jonathan E. Canis  
13 Michael B. Hazzard  
14 KELLY DRYE & WARREN LLP  
15 1200 19<sup>th</sup> St. N.W., 5<sup>th</sup> Floor  
16 Washington, DC 20036

17 Jacqueline Manogian  
18 MOUNTAIN TELECOMMUNICATIONS  
19 1430 Broadway Rd., Suite A200  
20 Tempe, AZ 85282

21 Frederick Joyce  
22 ALSTON & BIRD, LLP  
23 601 Pennsylvania Avenue NW  
24 Washington, DC 20004-2601

25 Gary Appel, Esq.  
26 TESS COMMUNICATIONS, INC.  
1917 Market Street  
Denver, CO 80202

21 Harry Pliskin, Senior Counsel  
22 Megan Doberneck  
23 COVAD COMMUNICATIONS COMPANY  
24 7901 Lowry Boulevard  
25 Denver, CO 80230  
26

Jeffrey W. Crockett  
Thomas L. Mumaw  
SNELL & WILMER  
One Arizona Center  
Phoenix, AZ 85004-0001

Teresa Tan  
WORLD.COM, INC.  
201 Spear Street, Floor 9  
San Francisco, CA 94105

Rodney Joyce  
SHOOK, HARDY & BACON, LLP  
Hamilton Square  
600 14<sup>th</sup> Street, NW, Ste. 800  
Washington, DC 20005-2004

Letty Friesen  
AT&T LAW DEPARTMENT  
1875 Lawrence Street, #1575  
Denver, CO 80202

Deborah R. Scott  
Associate General Counsel  
CITIZENS COMMUNICATIONS CO.  
2901 N. Central, Suite 1660  
Phoenix, AZ 85012

Richard P. Kolb, VP – Reg. Affairs  
ONE POINT COMMUNICATIONS  
Two Conway Park  
150 Field Drive, Suite 300  
Lake Forest, IL 60045

Paul Masters  
ERNEST COMMUNICATIONS INC.  
6475 Jimmy Carter Blvd., Ste. 300  
Norcross, GA 30071

Jon Poston  
ACTS  
6733 E. Dale Lane  
Cave Creek, AZ 85331

1 Karen Clauson  
Dennis D. Ahlers  
2 Ray Smith  
3 ESCHELON TELECOM  
4 730 Second Avenue South, Ste. 1200  
Minneapolis, MN 55402

5 Steven J. Duffy  
RIDGE & ISAACSON, P.C.  
6 3101 North Central Ave., Ste. 1090  
7 Phoenix, AZ 85012

8 Rex Knowles  
XO  
9 111 E. Broadway, Suite 100  
10 Salt Lake City, Utah 84111

11 Deborah Harwood  
INTEGRA TELECOM OF ARIZONA, INC.  
12 19545 NW Von Newmann Drive, Suite 200  
13 Beaverton, OR 97006

14 Bob McCoy  
WILLIAMS LOCAL NETWORK, INC.  
15 4100 One Williams Center  
Tulsa, OK 74172

16 Mark Dioguardi  
17 TIFFANY AND BOSCO, P.A.  
18 1850 North Central, Suite 500  
Phoenix, AZ 85004

19 Richard M. Rindler  
20 Morton J. Posner  
SWIDER & BERLIN  
21 3000 K. Street NW, Ste. 300  
22 Washington, DC 20007

23 Penny Bewick  
NEW EDGE NETWORKS, INC.  
24 PO Box 5159  
25 Vancouver, WA 98668

26

Lynda Nipps  
ALLEGIANCE TELECOM, INC.  
845 Camino Sure  
Palm Springs, CA 92262

Gary L. Lane, Esq.  
6902 East 1<sup>st</sup> Street, Suite 201  
Scottsdale, AZ 85251

Mike Allentoff  
GLOBAL CROSSING SERVICES, INC.  
1080 Pittsford Victor Road  
Pittsford, NY 14534

Gena Doyscher  
GLOBAL CROSSING SERVICES, INC.  
101 N. Wacker Drive, #220  
Chicago, IL 60606-7301

W. Hagood Bellinger  
4969 Village Terrace Drive  
Dunwoody, GA 30338

Philip A. Doherty  
545 S. Prospect Street, Ste. 22  
Burlington, VT 05401

David Kaufman  
E.SPIRE COMMUNICATIONS, INC.  
1129 Paseo de Peralta  
Santa Fe, NM 87501

Charles Kallenbach  
AMERICAN COMMUNICATIONS SVCS,  
INC.  
131 National Business Parkway  
Annapolis Junction, MD 20701

Richard P. Kolb  
Vice President of Regulatory Affairs  
ONE POINT COMMUNICATIONS  
Two Conway Park  
150 Field Drive, Ste. 300  
Lake Forest, IL 60045

1 Dennis Doyle  
ARCH COMMUNICATIONS GROUP  
2 1800 West Park Drive, Suite 250  
3 Westborough, MA 01581-3912

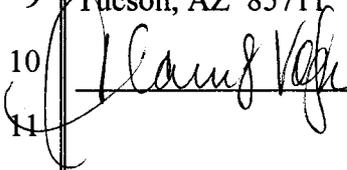
METROCALL, INC.  
6677 Richmond Highway  
Alexandria, VA 22306

4 Gerry Morrison  
MAP MOBILE COMMUNICATIONS, INC.  
5 840 Greenbrier Circle  
6 Chesapeake, VA 23320

Nigel Bates  
ELECTRIC LIGHTWAVE, INC.  
4400 NE 77<sup>th</sup> Avenue  
Vancouver, WA 98862

7 John E. Munger  
MUNGER CHADWICK  
8 National Bank Plaza  
9 333 North Wilmot, #300  
Tucson, AZ 85711

David Kaufman  
ESPIRE COMMUNICATIONS  
1129 Paseo De Peralta  
Santa Fe. NM 87501

10   
11 \_\_\_\_\_

- 12
- 13
- 14
- 15
- 16
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United States Court of Appeals,  
Sixth Circuit.

The GOODYEAR TIRE & RUBBER COMPANY,  
Plaintiff-Appellee,  
v.  
CHILES POWER SUPPLY, INC., d/b/a Heatway  
Systems, Defendant,  
Robert S. Julian, et al., Petitioners-Appellants.

No. 01-3873.

Argued March 28, 2003.  
Decided and Filed June 16, 2003.

Homeowners, who had purchased heating system, intervened in action between manufacturer of heating and snowmelt systems and rubber hose manufacturer to vacate confidentiality order and to permit discovery of any statements made during settlement talks. The United States District Court for the Northern District of Ohio at Akron, Dan A. Polster, J., denied homeowners' motion and homeowners appealed. The Court of Appeals, Suhrheinrich, Circuit Judge, as a matter of first impression, held that: (1) communications made in furtherance of settlement negotiations are privileged and protected from third-party discovery, and (2) even if such communications were not privileged, the settlement negotiations were not relevant to homeowners' action against manufacturers.

Affirmed.

West Headnotes

**[1] Federal Courts**  820  
170Bk820 Most Cited Cases

An appellate court reviews a district court's decision to deny a motion to vacate a confidentiality order for an abuse of discretion.

**[2] Witnesses**  184(1)  
410k184(1) Most Cited Cases

Communications made in furtherance of settlement negotiations are privileged and protected from third-party discovery. Fed.Rules Evid.Rule 408, 28 U.S.C.A.

**[3] Witnesses**  184(1)  
410k184(1) Most Cited Cases

Communications made in furtherance of settlement negotiations between manufacturer of heating and snowmelt systems and manufacturer of rubber hose used in such systems were confidential and protected from third-party discovery; there was a strong public policy favoring secret settlement negotiations and an inherent questionability of the truthfulness of any statements made in the context of settlement negotiations. Fed.Rules Evid.Rule 408, 28 U.S.C.A.

**[4] Federal Civil Procedure**  1272.1  
170Ak1272.1 Most Cited Cases

Even if negotiation communications were not privileged, statements offering compromise made in settlement negotiations between manufacturer of snowmelt system and manufacturer of rubber hose used in such systems were not relevant for purposes of discovery in third-party action brought by purchaser of snowmelt system against both manufacturers; there would be no point in introducing the statements as bias evidence given that any executive who would testify would be presumed biased, and any statements made in the course of negotiation were irrelevant for the purpose of impeaching a witness because the offer of compromise did not reflect that the hoses were defective. Fed.Rules Evid.Rule 408, 28 U.S.C.A.

\*977 G. Jack Donson (argued and briefed), John B. Nalbandian (briefed), Taft, Stettinius & Hollister, Cincinnati, OH, James K. Archibald (briefed), Jeffrey A. Dunn, Venable, Baetjer, Howard & Civiletti, Washington, DC, Deborah A. Neibauer, Goodyear Tire & Rubber Co. Law Department, Akron, OH, Kenneth C. Bass, III (briefed), Sterne, Kessler, Goldstein & Fox, P.L.L.C., Washington, DC, for Appellee.

William W. Maywhort (argued and briefed), Holland & Hart, Greenwood Village, CO, David L. Black (briefed), Joseph W. Halpern (briefed), Holland & Hart, Denver, CO, for Appellants.

Before BOGGS, SUHRHEINRICH, and SILER,  
Circuit Judges.

OPINION

SUHRHEINRICH, Circuit Judge.

Appellants Robert S. Julian and fifteen other Colorado homeowners ("Julian") intervened in this action and moved the district court to vacate or modify a confidentiality order. Julian now appeals from the district court's June 29, 2001, denial of his petition to vacate the order which prevents either of the named parties in the case of *Goodyear Tire & Rubber Co. v. Chiles Power Supply Inc.*, 7 F.Supp.2d 954 (N.D. Ohio 1998) ("*Goodyear I*"), from discussing the contents of settlement negotiations. The issue presented on appeal is whether statements made in furtherance of settlement are privileged and protected from third-party discovery. We affirm the decision of the district court and find that they are.

### I.

Defendant Chiles Power Supply, Inc. d/b/a Heatway Radiant Floors and Snowmelting ("Heatway") is a national manufacturer of heating and snowmelt systems. Sometime prior to 1995, Heatway purchased a significant amount of "Entran II" rubber hose from Plaintiff-Appellee Goodyear Tire & Rubber Co. ("Goodyear"). Heatway subsequently incorporated the hose into a hydronic radiant heating and snowmelt system, which it then sold to Julian and other homeowners in and around Vail, Colorado.

In 1998, Julian filed suit in federal district court in Colorado against both Goodyear and Heatway after the "Entran II" hose used in Heatway's system failed and caused damage to Julian's property. See *Loughridge v. Goodyear Tire & Rubber Co.*, No. 98-CV-1302 (D.Col. filed June 15, 1998). In that action, Goodyear defends on the ground that the failure of the hose is due to negligent installation and maintenance of the system by the homeowners. Conversely, Heatway argues that the failure is due to a defect in Goodyear's design for the hose. Significantly, Heatway co-founder Daniel Chiles gave a sworn deposition to that effect on October 29, 1997.

Between May 1995 and June 1996, prior to the Colorado lawsuit, Heatway entered into a second contract with Goodyear to obtain Goodyear's newest model rubber hose, presumably for use by Heatway in the same or a similar heating system. \*978 However, Heatway refused to pay the \$2,093,000 contract price after the "Entran II" failures in Colorado began to surface. On January 21, 1997, Goodyear filed suit against Heatway in Ohio state court for non-payment on the second contract. Heatway removed the case on the basis of diversity jurisdiction to the United States District Court in

Akron, Ohio; and counterclaimed, alleging, *inter alia*, breach of implied warranty of merchantability regarding the hose that had failed in Colorado. The district court granted Goodyear summary judgment on the contract, but denied summary judgment on Heatway's counterclaims, and scheduled the case for jury trial. *Goodyear I*, 7 F.Supp.2d 954. The district court presided over settlement negotiations for the counterclaims, and admonished that all talks were to remain confidential. The negotiations ultimately proved unsuccessful. On February 4, 2000, the jury returned a verdict for Goodyear on Heatway's counterclaims. Heatway subsequently filed for bankruptcy and did not appeal the decision.

In March 2000, Chiles gave an interview to *Contractor*, a Cleveland, Ohio trade paper. The subsequent article quotes Chiles as saying, in regard to the Ohio litigation:

[T]he day before this trial began, Goodyear made us an offer. They said, we'll do away with this litigation, we'll give you cash, we'll indemnify you against lawsuits from homeowners and all you have to do is sign this paper and agree that the fault is with homeowners and contractors.

Robert P. Mader, *Goodyear Stunner*, CONTRACTOR MAGAZINE, Mar. 1, 2000, at 1. On March 14, 2000, after a hearing, the Ohio district court determined that Chiles had improperly disclosed confidential statements made during the course of negotiations, and ordered Chiles not to make any more statements about the settlement discussions. In a written order, the court noted that "the content of settlement discussions are always confidential" and may never be disseminated, even after a case is closed. Moreover, to correct Chiles' misstep, the district court gave Goodyear permission to make a statement "in whatever form or fashion it chooses, in response to the statement of Dan Chiles published in *Contractor Magazine*." On May 1, 2000, *Contractor* published Goodyear's response:

Dan Chiles' statement was false. Heatway knows that where systems using Entran II as a component part had problems, those problems invariably are the result of improper system design, installation, operation or maintenance--not the result of any defect in the hose. Heatway failed to get sufficient information on system installation, operation or maintenance to installers and system users, leading directly to the limited problems that have occurred with systems in the field. Heatway's attacks on the hose are a cynical effort to misdirect installers, users and the public away from the real problems--problems that Heatway itself in large part created. In settlement negotiations, Heatway indicated it

was willing to begin telling system installers and users the truth about the real cause of the problems--but only if Goodyear would make payments to Heatway. Goodyear refused to pay Heatway to tell the truth--something Heatway should have done (and should do) regardless.

*Goodyear Responds to Chiles' Comments*, CONTRACTOR MAGAZINE, May 1, 2000, at 23.

The Colorado case, *Loughridge*, was by then, and is now still, pending. On May 1, 2001, having learned about Chiles' accusations, Julian filed a motion with the Colorado district court seeking to compel Chiles to testify about Goodyear's alleged offer to "buy" Chiles' testimony. On May 15, 2001, without addressing whether settlement \*979 communications are always confidential, the Colorado court denied the motion to compel. The court simply held that it lacked jurisdiction to overrule another court's order.

On June 25, 2001, pursuant to Fed.R.Civ.P. 24, Julian joined the instant Ohio case and petitioned the Ohio district court to vacate or modify its confidentiality order and to permit discovery of any statements Goodyear made during settlement talks. Julian argued that any communications should be discoverable, notwithstanding the confidentiality order, because the communications are not privileged and are relevant to Julian's Colorado claim. On June 29, the district court denied the motion, and again found that the content of settlement talks are always confidential. The court relied on the prevailing public policy favoring secrecy in negotiations:

Public policy favors the settlement of lawsuits, a policy embodied in Rule 408 of the Federal Rules of Evidence. See, e.g., [Fed.R.Evid. 408, advisory committee note]; *Affiliated Mfrs., Inc. v. Aluminum Co. of Am.*, 56 F.3d 521, 526 (3d Cir.1995) ("[t]he policy behind Rule 408 is to encourage freedom of discussion with regard to compromise"). The integrity of the mediation process depends on the confidentiality of discussions and offers made therein. Because parties are generally entrenched in their adversarial roles, negotiations often include specific, creative recommendations *by the Court* on how to resolve disputes.

Order Re: Denying Petition to Vacate or Modify Confidentiality Order, at 3. Julian filed a notice of appeal on July 30, 2001, and this matter is timely before this Court under Fed. R.App. P. 4(a)(1)(A).

## II.

[1] We review the district court's decision on Julian's

motion to vacate the confidentiality order for an abuse of discretion. See, e.g., *First Tech. Safety Sys. v. Depinet*, 11 F.3d 641, 647 (6th Cir.1993). The question of whether communications made in furtherance of settlement negotiations are *discoverable* by litigants in another action is a matter of first impression in this Circuit.

Rule 408 of the Federal Rules of Evidence provides that "[e]vidence of conduct or statements made in compromise negotiations is ... not admissible." Fed.R.Evid. 408. However, Rule 408 "does not require exclusion when the evidence is offered for another purpose, such as proving bias or prejudice of a witness, negating a contention of undue delay, or proving an effort to obstruct a criminal investigation or prosecution." *Id.* Julian argues that the proscriptive portions of Fed.R.Evid. 408 apply only to admissibility at trial, and that statements made in furtherance of settlement negotiations are necessarily discoverable because Rule 408 provides for their use in some aspects of trial.

Rule 26(b)(1) of the Federal Rules of Civil Procedure provides that "[p]arties may obtain discovery regarding any matter, *not privileged*, that is relevant to the claim or defense of any party..." Fed.R.Civ.P. 26(b)(1) (emphasis added). Accordingly, the right to discovery is not absolute. We must therefore first address whether settlement communications are privileged.

[2] In *Jaffee v. Redmond*, 518 U.S. 1, 116 S.Ct. 1923, 135 L.Ed.2d 337 (1996), the Supreme Court discussed at length the parameters of any recognizable privilege. Rule 501 of the Federal Rules of Evidence authorizes the federal courts to determine new privileges by examining "common law principles ... in the light of reason and experience." Fed.R.Evid. 501; *Jaffee*, 518 U.S. at 8, 116 S.Ct. 1923; see also *Wolfe v. United States*, 291 U.S. 7, 12, 54 S.Ct. 279, 78 L.Ed. 617 (1934). However, the *Jaffee* Court noted that, although Rule 501 references the common law, the rule "did not \*980 freeze the law governing the privileges of witnesses in federal trials at a particular point in our history, but rather directed federal courts to 'continue the evolutionary development of testimonial privileges.'" *Jaffee*, 518 U.S. at 8-9, 116 S.Ct. 1923 (quoting *Trammel v. United States*, 445 U.S. 40, 47, 100 S.Ct. 906, 63 L.Ed.2d 186 (1980)). To be recognized, the asserted privilege must serve some public interest "transcending the normally predominant principle of utilizing all rational means for ascertaining truth." *Trammel*, 445 U.S. at 50, 100

S.Ct. 906 (quoting *Elkins v. United States*, 364 U.S. 206, 234, 80 S.Ct. 1437, 4 L.Ed.2d 1669 (1960) (Frankfurter, J., dissenting)). Moreover, the proposed privilege must promote a public interest that is "sufficiently important ... to outweigh the need for probative evidence...." *Id.* at 51, 100 S.Ct. 906; see also *Jaffee*, 518 U.S. at 11, 116 S.Ct. 1923 (justifying need for psychotherapist privilege); *Upjohn Co. v. United States*, 449 U.S. 383, 389, 101 S.Ct. 677, 66 L.Ed.2d 584 (1981) (discussing policy reasons for attorney-client privilege); *Trammel*, 445 U.S. at 53, 100 S.Ct. 906 (discussing reasons for spousal privilege). Thus, the recognition of a privilege should be judged on a case-by-case basis and weighed against the public interest. *Jaffee*, 518 U.S. at 8, 116 S.Ct. 1923; see also S.Rep. No. 93-1277, at 13 (1974), reprinted in 1974 U.S.C.C.A.N. 7051, 7059. Viewed "in the light of reason and experience," we believe a settlement privilege serves a sufficiently important public interest, and therefore should be recognized.

[3] There exists a strong public interest in favor of secrecy of matters discussed by parties during settlement negotiations. This is true whether settlement negotiations are done under the auspices of the court or informally between the parties. The ability to negotiate and settle a case without trial fosters a more efficient, more cost-effective, and significantly less burdened judicial system. In order for settlement talks to be effective, parties must feel uninhibited in their communications. Parties are unlikely to propose the types of compromises that most effectively lead to settlement unless they are confident that their proposed solutions cannot be used on cross examination, under the ruse of "impeachment evidence," by some future third party. Parties must be able to abandon their adversarial tendencies to some degree. They must be able to make hypothetical concessions, offer creative *quid pro quos*, and generally make statements that would otherwise belie their litigation efforts. Without a privilege, parties would more often forego negotiations for the relative formality of trial. Then, the entire negotiation process collapses upon itself, and the judicial efficiency it fosters is lost.

Moreover, confidential settlement communications are a tradition in this country. See, e.g., *Palmieri v. New York*, 779 F.2d 861, 865 (2d Cir.1985) (citing *In re Franklin Nat'l Bank*, 92 F.R.D. 468, 472 (E.D.N.Y.1981)) (stating that "[s]ecrecy of settlement terms ... is a well-established American litigation practice"). This Court has always recognized the need for, and the constitutionality of, secrecy in

settlement proceedings. In *In re the Cincinnati Enquirer*, 94 F.3d 198, 199 (6th Cir.1996), and *Cincinnati Gas & Elec. Co. v. General Elec. Co.*, 854 F.2d 900, 903-04 (6th Cir.1988), we denied members of the press access to pre-trial settlement procedures, relying on the historical secrecy in settlement talks. Although not recognizing a privilege as such, we stated that the need for privacy in settlement talks outweighed any First Amendment right of access to the proceedings. In each case, we addressed whether there exists a right of access to summary jury trials. In *Cincinnati Enquirer*, we found that summary jury trials are essentially settlement proceedings, and that no "tradition of accessibility" exists \*981 because "[s]ettlement proceedings are historically closed procedures." *Cincinnati Enquirer*, 94 F.3d at 199. In *Cincinnati Gas & Elec.*, we found likewise, stating that "historically settlement techniques are closed procedures rather than open." *Cincinnati Gas & Elec.*, 854 F.2d at 903-04.

Other courts have gone further and recognized the existence of some sort of *formal* settlement privilege. In *Allen Cty. v. Reilly Indus., Inc.*, 197 F.R.D. 352 (N.D. Ohio 2000), the defendant filed a motion to compel discovery and sought to obtain the content of settlement negotiations between the plaintiff county and another defendant. The district court denied the request, noting the "well-established privilege relating to settlement discussions." *Id.* at 353 (citing *Cook v. Yellow Freight System, Inc.*, 132 F.R.D. 548 (E.D. Cal. 1990), overruled on other grounds by *Jaffee*, 518 U.S. 1, 116 S.Ct. 1923, 135 L.Ed.2d 337). Likewise, in *Cook*, the court denied a third party's motion to compel discovery. The court found that not only are statements made in settlement negotiations privileged, but such statements come with no guarantee of veracity. As the *Cook* court stated:

Settlement negotiations are typically punctuated with numerous instances of puffing and posturing since they are "motivated by a desire for peace rather than from a concession of the merits of the claim." *United States v. Contra Costa County Water Dist.*, 678 F.2d [90, 92 (9th Cir.1982)]. What is stated as fact on the record could very well not be the sort of evidence which the parties would otherwise actually contend to be wholly true. That is, the parties may assume disputed facts to be true for the unique purpose of settlement negotiations. The discovery of these sort of "facts" would be highly misleading if allowed to be used for purposes other than settlement. See *Wyatt v. Security Inn Food & Beverage, Inc.*, 819 F.2d 69, 71 (4th Cir.1987).

Cook, 132 F.R.D. at 554. We agree with the reasoning of these lower courts. The public policy favoring secret negotiations, combined with the inherent questionability of the truthfulness of any statements made therein, leads us to conclude that a settlement privilege should exist, and that the district court did not abuse its discretion in refusing to allow discovery.

The fact that Rule 408 provides for exceptions to inadmissibility does not disprove the concept of a settlement privilege. Julian has not presented evidence of any case where the Rule 408 exceptions have been used to allow settlement *communications* into evidence for any purpose. Rather, the exceptions have been used only to admit the occurrence of settlement talks or the settlement agreement itself for "another purpose." See, e.g., Breuer Elec. Mfg. Co. v. Toronado Sys. of Am., Inc., 687 F.2d 182, 185 (7th Cir.1982) (holding existence of settlement negotiations admissible to rebut claim that party had no knowledge of suit); Prudential Ins. Co. of Am. v. Curt Bullock Builders, Inc., 626 F.Supp. 159, 165 (N.D.Ill.1985) (holding occurrence of settlement talks admissible to establish agency relationship); see also Bank Brussels Lambert v. Chase Manhattan Bank, N.A., Nos. 93 Civ. 5298 and 93 Civ. 8270, 1996 WL 71507, at \*6 (S.D.N.Y. Feb. 20, 1996) (compelling discovery of terms of agreement only); Small v. Hunt, 152 F.R.D. 509, 511 (E.D.N.C.1994) (allowing discovery of settlement materials to show a "change in circumstances"). The confidentiality order does not prevent Julian from using the existence of Goodyear I settlement talks for "another purpose." For example, if a Goodyear representative claimed he had never met Chiles, Julian could rebut this contention, if it were relevant, by introducing evidence from the settlement talks as proof that each had negotiated with the other in Ohio. Thus, as with \*982 other privileges, the relationship itself is not privileged, but only the underlying communications. See Jaffee, 518 U.S. at 15, 116 S.Ct. 1923 (recognizing psychotherapist privilege only for "communications"); Upjohn Co., 449 U.S. at 395-96, 101 S.Ct. 677 (stating that attorney-client privilege extends only to communications); In re Grand Jury Proceedings, 517 F.2d 666, 670-71 (5th Cir.1975) (stating that identity of client and amount of fees is normally not privileged); United States v. Goldfarb, 328 F.2d 280, 282 (6th Cir.1964) (implying that only communications are privileged); Vinson v. Humana, Inc., 190 F.R.D. 624, 627 (M.D.Fla.1999) (stating that information not pertaining to substance of communications is outside scope of privilege); Vanderbilt v. Town of Chilmark, 174 F.R.D. 225, 230

(D.Mass.1997) (stating that "[f]acts regarding the very occurrence of psychotherapy, such as the dates of treatment, are not privileged"); Kiermeier v. Woodfield Nissan, Inc., 1999 WL 759485, at \*1 (N.D.Ill. Sept. 8, 1999) (holding identity of psychotherapist and dates of treatment not privileged).

The settlement privilege is also necessary because permitting third-party discovery of negotiation communications would lead to other undesirable results. In general, and in this case, there is no transcript of the settlement talks. And it is unlikely that there exist any written notes reflecting Goodyear's alleged attempt to bribe Chiles. Thus, in order to obtain or refute any evidence, the parties would have to depose each of the persons present at the negotiations. In this instance, that includes not only the representatives of Heatway and Goodyear, but the parties' lawyers and the district court judge himself.

The district court characterized Chiles' accusations as "out-of-turn comments made to the media shortly after his company lost a high-stakes trial," and therefore lacking in credibility. And although Rule 26 provides that discovery is permissible where it "appears reasonably calculated to lead to the discovery of admissible evidence," Fed.R.Civ.P. 26(b)(1), we have no reason to believe that Chiles' statement, itself of questionable credibility and not useable for any substantive purpose, would lead to the discovery of any evidence that would be admissible.

[4] In any event, even if negotiation communications were not privileged, Julian has not presented any evidence that the alleged statements are *relevant* to his Colorado case. Julian argues that evidence that might surface regarding Goodyear's alleged bribe attempt can be used to "impeach the credibility and demonstrate the bias or prejudice of those Goodyear witnesses who are put on the stand to 'toe the company line' concerning the supposed cause of the Entran II hose failure." Brief for Appellant, at 14. First, there is no point in introducing bias evidence against a party-opponent. Any Goodyear executive who takes the stand on Goodyear's behalf will be presumed biased in favor of the company position. See, e.g., Davis v. Rowe, No. 91 C 2254, 1993 WL 34867, at \*5 (N.D.Ill. Feb. 10, 1993) (stating that bias by party-opponent in favor of his own cause is assumed by the jury).

Second, Julian contends that he could use Chiles'

statement as impeachment evidence against Goodyear executives who claim that the malfunctioning hoses were the fault of the homeowners. Although Julian is correct that questions of admissibility ultimately are decided by the trial court, *see Fed.R.Evid. 104(a)*, it appears that this use would constitute an attempt to circumvent the Rules of Evidence and to utilize the statement for the substantive purpose of proving the exact question at issue, to wit, whether the hoses were defectively designed. Hence, the statement would likely be inadmissible under \*983Rules 403 [FN1] and 408. At best, the statement could have been used as impeachment evidence against Chiles had he accepted the alleged bribe and perjured himself in the Colorado case. But, even then, the evidence would merely be cumulative because Chiles' own deposition testimony, as well as the basis of Heatway's counterclaims in the Ohio case, would impeach Chiles' new story.

FN1. Fed.R.Evid. 403 provides that "evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice...."

Moreover, one of the proposed rationales for the enactment of Fed.R.Evid. 408 was that statements made in furtherance of settlement are *never* relevant. The advisory committee note to Rule 408 states that "exclusion may be based on" the fact that "[t]he evidence is irrelevant, since the offer may be motivated by a desire for peace rather than from any concession of weakness of position." *See also Contra Costa County Water Dist.*, 678 F.2d at 92. Even if Goodyear representatives had offered Chiles the alleged deal, any statements made in the course of negotiation are irrelevant for the purpose of impeaching a witness, because the offer of compromise does not reflect that Goodyear's hoses were defective.

In sum, any communications made in furtherance of settlement are privileged. Moreover, any such statement is likely not relevant to Julian's case. Julian has not demonstrated a legitimate, admissible use. Therefore, we find no abuse of discretion in the district court's denial of Julian's motion to vacate or modify the order.

### III.

For the foregoing reasons, we **AFFIRM** the decision

of the United States District Court for the Northern District of Ohio.

332 F.3d 976, 2003 Fed.App. 0197P

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