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Defending Netflix's use of Facebook to communicate with the public, lawyers at Wilson Sonsini Goodrich & Rosati prodded the U.S. Securities and Exchange Commission to update its disclosure rules for the 21st century.

The commission pounced after Netflix CEO Reed Hastings posted an update on his Facebook page in July 2012 cheering the fact that the company's users had watched more than 1 billion hours of programming the previous month. Late last year, the SEC informed Netflix it intended to pursue the company for violating the Regulation and Fair Disclosure rule, or Reg FD, which bars firms from selectively disclosing relevant information to market insiders.

Netflix and its counsel at Wilson Sonsini resolved to fight the matter, convinced that the Facebook post was in keeping with the company's practice of transparency.

"Our clients believed very strongly not only that they had done nothing wrong but that there were important principles at issue," said Wilson partner Keith Eggleton, one of Netflix's lead lawyers.

In April, the commission announced that it would not pursue an enforcement case against Netflix. Instead, the commission spelled out that companies may disclose information over social media, so long as they specify which channels they will use beforehand.

The report is already changing the way companies connect with investors, Eggleton said. Dozens of companies have notified investors that they will use social media to share updates, and many more appear to be mulling the move, he noted.

"Social media is becoming a remarkably efficient way to disseminate information to a lot of people," Eggleton said. "That really was what Reg FD was all about."

By complying with the government investigation whenever possible, Wilson Sonsini kept a cap on fees, Eggleton added. Hilary Ware, vice president and associate general counsel at Netflix, praised the firm's work on the matter.

"The firm's lawyering combined deep knowledge and experience in securities litigation with a real interest and belief in the appropriate use of social media in this context," Ware wrote in

an email. "We believe we obtained an appropriate and important outcome."

In addition to confronting regulators, Wilson also helped clients fend off securities class actions. In late 2012, a Wilson team led by partner Boris Feldman persuaded Santa Clara County Superior Court Judge James Kleinberg to grant its motion for summary judgment in a class action filed against McAfee over the company's \$7.7 billion sale to Intel. Wilson represented members of McAfee's board of directors. Plaintiffs' firms file securities suits reflexively after large deals, in part because companies usually settle them for nuisance value, Eggleton noted.

"If you fight them and you win, that sends a good message," he said.

— Julia Love



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