

COLLECTED DISCOVERY ARTICLES  
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# DISCOVERY

## It's A Privilege To Refresh

By Jerold S. Solovy  
and Robert L. Byman



If an attorney's work is any good, it ought to be useful. And what better use of your work product than to save your client time and expense? The busy CEO of your client has neither the time nor the patience to review the hundreds of thousands of documents produced in discovery in preparation for her deposition. It will be far more efficient to show her the single binder of documents you have culled which tell the story, warts and all. The client will expect and demand that work product be used to save preparation time and to ensure that witnesses are adequately prepared and not embarrassed by being led into incorrect testimony. The problem, however, is that you may find your work product sacrificed at the altar of efficiency.

And there is enormous tension between the safeguards provided to attorney work product in F.R.C.P.26(b)(3) – which protects work product from production – and F.R.Evid. 612 – which provides for full disclosure of materials used to refresh recollection prior to a deposition. The reported decisions provide little relief from this tension.

A recent decision out of the Southern District of New York, *Lawson v. United States*, 1998 WL 312239 (S.D.N.Y. June 12, 1998), illustrates the dilemma. Defense counsel conducted and tape recorded interviews with two key witnesses concerning the incident which led to the lawsuit. In preparation for their subsequent

depositions, counsel had the witnesses review transcripts of the interviews. The parties agreed that the transcripts were work product. But the Court found that the use of the transcripts for deposition preparation was a waiver and ordered their production under Rule 612. Although *Lawson* involved work product, Rule 612 applies equally to attorney-client materials. For convenience, we will refer to both work product and privileged communications as privileged materials. *Lawson* is by no means the holy grail. In *Derderian v. Polaroid Corp.*, 121 F.R.D. 13 (D. Mass. 1988), Derderian created over 100 pages of notes detailing the factual events which formed the basis of her sexual discrimination claim. She sent the notes to her attorney, and the court found them to be attorney-client communications. Prior to her deposition, Derderian reviewed the notes to refresh her recollection. But the court refused to order production because Polaroid did not demonstrate that it could not discover the same facts from interviewing its own employees.

We all know that there is a more or less bright line rule that disclosure of attorney-client privileged materials to third parties destroys the privilege; likewise, we know that disclosure of work product, even to third parties, does not necessarily waive that privilege. But the lines are not so clear when these privileged materials are used to refresh

recollection for deposition testimony. The lack of clarity leaves the practitioner with only one certainty: if you use privileged materials to prepare a witness for a deposition, you may risk having to disclose those materials to your adversary. You must, therefore, strike a balance between the risk of disclosing privileged materials to the enemy against the efficient and thorough preparation of a witness to give accurate, refreshed testimony.

### Rule 612

Prior to the adoption of Federal Rule of Evidence 612 in 1972, the universally accepted rule was that an adverse party had an absolute right to see any writing used *during* trial testimony to refresh recollection. Rule 612 added an important expansion, compelling production of writings used to refresh recollection *before* testifying, “if the Court in its discretion determines it is necessary in the interests of justice.” Although Rule 612 does not specifically address deposition testimony, F.R.C.P. 30(c) makes it reasonably clear that deposition testimony is covered, and most reported decisions so hold. *See, e.g. Stone Container Corp. v. Arkwright*, 1995 US Dist. Lexis 2400 (N.D. Ill. 1995); *S&A Painting Co. Inc. v. O.W.B. Corp.*, 103 F.R.D. 407 (W.D. Pa. 1984); *but see Omaha Public Power District v. Foster Wheeler Corp.*, 109 F.R.D. 615 (D. Neb. 1986).

Many practitioners, vaguely aware that use of a writing to refresh recollection can constitute a waiver, simply ask the deponent whether she has reviewed materials prior to the deposition and, upon obtaining an affirmative response, erroneously believe that they have established a sufficient record for a motion to compel. But Rule 612 contemplates a four step evaluation. The practitioner must establish: (1) that the witness has reviewed materials prior to giving testimony; (2) that the materials actually refreshed recollection; (3) that the refreshed recollection had an actual impact upon the testimony; and (4) that the interests of justice require production. *See Sporeck v. Peil*, 759 F.2d 312 (3d Cir. 1985).

### What Is Work Product?

Of course, if there is no valid privilege, documents used in preparation are discoverable without the need for Rule 612 (presumably, if depositions are ongoing, motions to produce are still timely). But your venue may determine whether they will be deemed privileged. Suppose you have created, out of the tens of thousands of relevant documents produced in discovery, a single binder of the key documents. Your organization and selection of those documents clearly constitutes your work, but does it constitute protectable work product? The answer may be different on different sides of the river. In

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Kansas City, *Kansas*, your binder is not work product. “The selecting and grouping of information does not transform discoverable documents into work product.” *Audiotext Commun. Network, Inc. v. U.S. Telecom, Inc.*, 164 F.R.D. 250 (D. Ka. 1996). But in Kansas City, *Missouri*, that same notebook is not merely considered work product; it is classified in the more highly protected category of “opinion” work product. “In cases that involve reams of documents and extensive document discovery, the selection and compilation of documents is often more crucial than legal research.” *Shelton v. AMC*, 805 F.2d 1323 (8th Cir. 1986).

The reported decisions offer less than satisfactory guidance on what constitutes the “interests of justice” under Rule 612. Some courts conclude that the mere deliberate use of privileged materials to refresh recollection is sufficient in and of itself to satisfy the standard and order production. See, e.g., *Julian v. Raytheon Co.*, 93 F.R.D. 138 (D. Del. 1982); *Wheeling-Pittsburgh Steel Corp. v. Underwriters Laboratories, Inc.*, 81 F.R.D. 8 (N.D. Ill. 1978). Other courts require a more complex review. The Southern District of New York has adopted a three factor test. First, the court determines whether the deposition preparation exceeded the limits of preparation and concealment — that is, did the attorney attempt to use privileged materials as a sword while attempting to maintain the privilege shield. Second, the court considers whether the privileged material is factual work product or opinion work product, the latter being entitled to more protection. Third, the court evaluates whether the request for the privileged documents constitutes a fishing expedition or is narrowly limited to the purposes of Rule 612 — to explore the credibility of a witness’ testimony. See *Bank Hapoalim, B.M. v. American Home Assurance Co.*, 1994 WL 119575 (S.D.N.Y. 1994).

In *Sporck v. Peil*, 759 F.2d 312 (3d Cir. 1985), the court found that a compilation of non-privileged documents produced in discovery was work product. Rejecting the notion that the

compilation should be produced after review to refresh recollection, the court found that the interrogator should merely inquire about specific areas, ask if specific documents refreshed recollection, and insist upon the production of those specific documents. Discovery of the compilation, therefore, would not be necessary. The problem with *Sporck*, however, is that witnesses seldom testify as the court hypothesized. Real witnesses seldom say “I looked at a binder of documents and 2 pages, bearing production numbers 10006789-90, refreshed my recollection.” Real witnesses say “I reviewed a binder of documents; they helped refresh my recollection, but I do not recall which document refreshed my recollection on which subject.” If that is the testimony, the only way to find the needles is to have access to the haystack. And the simple answer is that, since the determination of the interests of justice is made on a case-by-case basis, there is no simple formula by which to ensure protection. But based upon the body of case law, we offer a few suggestions for the practitioner.

#### ***Preparing the Deponent with Privileged Materials***

The threshold issue is to determine what is more important. Do you want to prepare your witness completely and thoroughly so that she gives full and accurate answers? Or can you tolerate a bit of ambiguity in recollection? If the latter, there is no sense in taking any risk of giving up privileged materials; if the former, the risk of disclosure may be outweighed by the need to have a well prepared witness. But the inquiry does not end there. If the goal is to have a well prepared witness, the second question you must answer is whether there is some less efficient means than using the work product which will fully prepare the witness. In *Lawson*, defense counsel was compelled to turn over the work product — the transcripts of prior interviews — because they were *writings* subject to Rule 612. But 612 covers *only* writings, and not oral communications. Clearly it

would have been more time consuming, more costly, and less efficient, but defense counsel could have achieved the same result by reading the transcripts to the witnesses rather than showing them to them. (A good advocate might suggest that verbatim reading constitutes a showing of the writing, so an even more careful practitioner might want to paraphrase rather than read.)

In making these various determinations, it is important not to forget about the relative importance of carts and horses. Litigators tend to be adversarial, even when it is not necessarily necessary. It is against the basic nature of litigators to give up any privilege. And privileges should not be given up lightly. But is your compilation of documents really that top secret? Do you really think your opponent has failed to figure out what the relevant documents are out of the thousands of documents produced in discovery? Are you really giving your adversary an advantage which is worth the time and expense you may put yourself and your client to by trying to avoid disclosure? If the loss of the privilege is an acceptable risk, the use of the documents for efficient preparation becomes an easier call.

But if nondisclosure is critical, and if you cannot conjure up an alternative to showing the compilation to your witness, careful preparation of the witness may still save the day. If the witness testifies that he reviewed the compilation, that it refreshed his recollection, that his testimony was impacted by his refreshed recollection, and that he cannot recall specific documents within the compilation, your opponent will have a nearly bulletproof record to compel production. But if the entire compilation does not really refresh recollection, be sure your witness says so. If specific documents do refresh recollection, try to make your witness the ideal imagined by *Sporck*. Make notes of the individual documents which actually refresh, so that you can argue that your production should be limited to that subset, preserving the secrecy of the rest of the compilation.

#### ***Building a Record for Production***

On the other side of the aisle, if you want to obtain production of otherwise privileged materials, you must build a careful record. You must establish that the witness reviewed the materials, that the materials actually refreshed recollection, and that the refreshed recollection was given in testimony. And in order to satisfy the court that the interests of justice require production of the privileged materials, you must try to show a bit more. For example, you should show the witness documents you suspect were part of the compilation. If the witness responds that she does not now recall what documents she saw or does not recall the documents you showed her, you will have gone a long way to establishing that there is no alternative means of learning what documents were used to refresh recollection other than the production of the compilation. On the other hand, if the witness agrees that the documents you showed her were among the compilation, you should establish that your documents are not the complete set of what she relied upon, again to show that you have no way to know what was reviewed without production of the compilation.

Woody Hayes once explained why he hated the forward pass: “When you put the ball in the air only three things can happen and two of them are awful.” The same is true of the use of privileged materials for deposition preparation. Three things can happen and two of them — (1) they won’t gain any ground toward efficiency or (2) they will be intercepted by the enemy — are awful. But Woody’s advice was a bit simplistic. The third possibility, the completed pass, is not awful, it is great. And the third possibility when using a privileged document in deposition preparation is likewise great — the most efficient way to prepare a witness to give accurate and complete testimony. There are risks, but the rewards are evident. Be aware of the risks, but do not be unduly afraid of them.

# DISCOVERY

## Rule 30(b)(6)

By Jerold S. Solovy  
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You have seen – but hopefully not personally authored – deposition notices that read “XYZ Corp. is requested and required, pursuant to F.R.Civ.P. 30(b)(6), to produce the person most knowledgeable on the following subject areas: . . .”

You have read such notices in quiet condescension, of course, and have not authored such a notice yourself, because you know that you don’t really want “the most knowledgeable person” and because you don’t even have the right to make that request under Rule 30(b)(6). If you really want to know who is the most knowledgeable person on a specific subject within a corporate entity, you will serve an interrogatory. Rule 33 gives you the right to ask that question; Rule 30(b)(6) does not. But *why on earth* would you ever want to know the identity of the most knowledgeable person? What difference does it make if Officer A knows twelve facts about an issue, while Officer B knows only ten? Officer A wins the title “most knowledgeable”. But you don’t care who knows the *most* facts; what you really want is to identify someone who knows the specific facts that *matter* to your case and who can give binding testimony on behalf of the entity with respect to those facts. And that is exactly what Rule 30(b)(6) allows you to do, unless of course you ask for the wrong thing in your notice.

The adoption in 1970 of Federal Rule 30(b)(6) revolutionized the discovery of corporate entities. In prior practice, the attempt to extract information and admissions from a corporation, partnership, or other legal entity could be a frustrating and expensive process. Unless the entity volunteered the identity of the people who actually knew something about the facts and prepared them to answer relevant questions, the examiner had no choice but to search for those people by noticing specific individuals, by name or title. The initial wave of corporate discovery was often consumed by identifying the people with actual knowledge. Entities, who wanted to play games, could and often did so. The search for corporate knowledge often became a shell game, as the examiner went from witness to witness, each of whom would fudge, equivocate, and deny knowledge, suggesting to the examiner that she look for the kernel of knowledge under some other shell. But the potential for abuse was not limited to the defending entity. Parties seeking discovery from entities could harass their adversaries by insisting upon deposing literally every officer or agent of the entity, despite the obvious redundancy, on the technically correct ground that the entity’s knowledge was found only in the collective recollection of all of its agents.

Rule 30(b)(6) was designed to cut through all of that, by requiring

the entity to designate one or more individuals to speak on behalf of the entity on subjects designated in the notice. No longer could the entity stand in amused silence as its adversary searched for the right deponent — the entity had to find the right person or persons itself and produce them. And no longer could an adversary insist upon taking needless testimony from witnesses who had no personal knowledge of the facts.

But Rule 30(b)(6) did not merely eliminate these inefficiencies and abuses; the Rule creates an enormously effective mechanism, not just to discover facts, but to obtain binding admissions that may lead to summary judgment or victory at trial. Yet it is a source of constant amazement that otherwise competent practitioners so often misuse Rule 30(b)(6) or fail to realize its full potential.

### *You Can Use Rule 30(b)(6) To Obtain Binding Testimony*

The beauty and majesty of Rule 30(b)(6) is that it allows you to pick the subjects on which you want binding testimony and forces the entity to find someone to give voice to that testimony. The entity might pick the person most knowledgeable, but it is permitted to select whomever it pleases, so long as that person is able to articulate the entity’s knowledge. There is no requirement that the designee be an employee or agent of the entity; the designee must

merely consent to serve. In theory, the entity could hire an actor to read a script, even though the actor had no knowledge of any facts whatsoever. Indeed, an entity cannot avoid its obligation to designate a witness to testify on behalf of the entity on the designated subjects, even if the entity has *no* employees with any knowledge at all; if that is the case, the entity must find some person to study the documents or otherwise educate herself to testify. *See Resolution Trust Corp. v. Sands*, 151 F.R.D. 616 (N.D. Tex. 1993); *In re Arbitration between Puerto Rico Maritime Shipping Authority and Star Lines, Inc.*, 1980 U.S. Dist. Lexis 11885 (S.D.N.Y. 1980).

But the real beauty of Rule 30(b)(6) is not simply that it assures you a witness. Rule 30(b)(6) assures you a witness who is able to give complete and binding answers. The entity has an obligation “to prepare those persons in order that they can answer fully, completely, unequivocally, the questions posed . . . as to the relevant subject matters.” *Securities & Exchange Commission v. Morelli*, 143 F.R.D. 42, 45 (S.D.N.Y. 1992). The entity must prepare the designee “to the extent matters are reasonably available, whether from documents, past employees, or other sources.” *United States v. Taylor*, 166 F.R.D. 356, 361 (M.D.N.C. 1996). And the testimony “is binding on the corporation as to matters specified

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in the 30(b)(6) notice.” *Food Lion, Inc. v. Capital Cities/ABC, Inc.*, 1996 WL 575946, \*6 (M.D.N.C. 1996).

When a 30(b)(6) witness answers a particular question, there are three possibilities: (1) the witness will give a correct and complete answer; or (2) the witness will give a completely incorrect answer; or (3) the witness will be unable to answer, essentially saying “I don’t know.” If the witness were testifying as an ordinary deponent, she would be allowed to change and explain any of those answers at trial. Mary Smith, citizen, or even Mary Smith, officer and agent of XYZ Corp., could testify “the light was green” or “I don’t remember what color the light was” at her deposition; at trial, there would be no prohibition against her testifying under oath “the light was red.” Of course, her prior statement would be an evidentiary admission against XYZ Corp.; XZY and she could be impeached by her prior statement. But Mary would be allowed to change her testimony and offer the jury some explanation for the change. And XYZ would be allowed to bring in another witness to testify “Mary got it wrong, the light was red.” But Mary Smith, 30(b)(6) designee of XYZ Corp., does not have the same latitude. Once Mary Smith, corporate designee, has testified “the light was green” or “I don’t know what color the light was,” it may be that neither Mary nor XYZ will not be allowed to bring in any witness to testify differently. The whole point of 30(b)(6) is that it creates testimony that will *bind* the corporate entity.

#### **But How Binding Is Binding?**

There are admissions and then there are admissions. Evidentiary admissions are good, but they are not dispositive — they can be retracted, explained or contradicted by other testimony. Judicial admissions, on the distinctly other hand, cannot be contradicted by other evidence such as “mere trial testimony.” *American Automobile Association v. AAA*, 930 F.2d 1117, 1120 (5th Cir. 1991); *see also, Soo Line v. St. Louis Southwestern Railway Co.*, 125

F.3d 481, 483 (7th Cir. 1997). But just how binding is 30(b)(6) testimony? Is it a mere evidentiary admission against the entity that can be weaseled away later, or is it *really* binding?

Some courts have held that 30(b)(6) testimony is deposition testimony like any other deposition and is, therefore, “simply evidence, nothing more.” *W.R. Grace & Co. v. Viskase Corp.*, 1991 WL 211647, \*2 (N.D. Ill. 1991). As evidence, it may be explained or contradicted at trial. *Id.* But other courts have taken a very different read on the binding effect of 30(b)(6). Where a corporation was unable to answer 30(b)(6) questions because all of its designated representatives invoked their personal Fifth Amendment rights, the court held that their silence was binding on the corporation and held that the corporate entity would not be permitted to offer into evidence any information to fill in the gaps created by the lack of 30(b)(6) testimony. *Worthington Pump Corp. v. Hoffert Marine, Inc.*, 34 F.R. Serv. 2d 855 (D.N.J. 1982).

There is a wide range of options available when a designee responds to a designated inquiry with “I don’t know.” Ordinarily, you take a deposition because you want information. “I don’t know” is not a satisfying answer when you want to discover facts. And in such a situation, the remedy under 30(b)(6) is easy: you ask for another designee who can provide the facts, and the court will probably enforce your request. *Zappia Middle East Construction Co. v. Abudhabi*, 1995 WL 686715 (S.D.N.Y. 1995). But what if you are thrilled with “I don’t know” as an answer? You represent the plaintiff in an action in which a series of negotiation sessions form the relevant factual backdrop to your claims. A dozen different representatives from each side attended some or all of the individual meetings. Your client’s agents have their own collective recollection of the matters that were discussed in the negotiations, a recollection that would lead to summary judgment or verdict for your side if not successfully contradicted by your opponent. In discovery, of course, you want to

discover your adversary’s recollection of these meetings. But at the deposition of the 30(b)(6) representative designated to describe the content of the negotiating sessions, you are met with repeated “I don’t recall”s and “I wasn’t there, I don’t know”s. Do you move to have another witness designated? *Why?* On a motion for summary judgment, or at trial, the record will be your client’s recollection versus a failure to recollect. There will be only one side of the story — yours. Rule 30(b)(6), in all its glory, may turn your opponent’s failure to prepare an adequate witness into a litigation coup.

It is extraordinary that there is so little case law which develops Rule 30(b)(6) as an offensive weapon to bind entities to their deposition testimony and bar contrary trial testimony. But a number of courts have held that a party who fails to adequately prepare a witness to give testimony cannot come to trial with renewed or refreshed recollection: “If the designee testifies that [it] does not know the answer to plaintiff’s questions, [it] will not be allowed effectively to change its answer by introducing evidence during trial. The very purpose of discovery is ‘to avoid trial by ambush.’” *Ierardi v. Lorillard, Inc.*, 1991 WL 158911 (E.D. Pa. 1991); *see also, FDIC v. Butcher*, 116 F.R.D. 196 (E.D. Tenn. 1986).

It may be easier to convince the court that silence is truly binding than to convince a court that the conveyance of erroneous information should be uncorrectable. Although there appears to be very little case law on the area, it is easy to discern why this may be so. Where a party has acted in good faith to present a designee and has equally made bona fide attempts to educate the witness to give complete answers, a court is more likely than not to exercise its discretion, as it picks from its grab bag of potential sanction remedies for a failure to have a fully prepared witness, to be lenient. But where an entity has simply refused or failed to meet its obligation to educate the witness and presents an unprepared witness, it is a reasonable sanction to bar contrary testimony at trial:

“Producing an unprepared witness is tantamount to a failure to appear.” *United States v. Taylor*, 166 F.R.D. 356, 363 (M.D.N.C. 1996).

Too many litigators do not fully appreciate or do not fully understand Rule 30(b)(6). Be one of those who do. Your notices will always read: “XYZ Corp. is requested and required, pursuant to F.R.Civ.P. 30(b)(6), to designate and produce a person or persons to testify on behalf of XYZ on the following matters: . . . “

# DISCOVERY

## Evidence Destruction

By Jerold S. Solovy  
and Robert L. Byman



We do not have good enough imaginations to make this up; this really happened: In a patent case involving the geometry and dimensions of TV picture tubes, our defense was based on prior art. We had found a tube manufactured in 1975 which had miraculously survived twenty plus years to become our holy grail. Opposing counsel had a right, of course, to inspect it. But counsel did not merely have the usual feet of clay; this one had hands of stone. He picked up the tube, uttered the word “whoops,” and turned prior art into pulverized glass.

What we had here was “spoliation of evidence.” The case of the clumsy counselor was one of presumably innocent destruction, caused by an agent of a party, after the lawsuit had commenced. But spoliation can occur as the result of actions by parties or by non-parties. It can be inadvertent or intentional. It can be the product of absolute good faith, the result of negligence, or the exercise of consummate evil. It can occur before or during litigation, on a temporal continuum on which relevance and duty to preserve range from nascent to obvious. When evidence is lost or destroyed by a third party — who was under some duty to preserve it — there may even be an independent cause of action for damages.

### *Spoliation or Spoilation?*

We pause for a digression, but an important one. If you ever want

to invoke the doctrine, you ought to know what to call it. But the courts are not entirely sure. Most of the circuits call it “Spoliation”; but a fair number discuss “Spoilation.” See, e.g., *Diana Collazo- Santiago v. Toyota Motor Corp.*, 149 F.3d 231; 1998 U.S. App. LEXIS 15330 (1st Cir. 1998); *Schmid v. Milwaukee Electric Tool Corp.*, 13 F.3d 76, 1994 U.S. App. LEXIS 20 (3d Cir. 1994); *Vodusek v. Bayliner Marine Corp.*, 71 F.3d 138 (4th Cir. 1995); *Eaton Corp. v. Appliance Valves Corp.*, 790 F.2d 874, 1986 U.S. App. LEXIS 20064 (Fed. Cir. 1986); *American Gulf VII, Inc. v. Otto Candies, Inc.*, 1996 U.S. Dist. LEXIS 13328 (1996); *Mensch v. Bic Corp.* 1992 U.S. Dist. LEXIS 14318 (E.D. La. 1992); *Austin v. Mitsubishi Electronics America, Inc.*, 966 F. Supp. 506, 1997 U.S. Dist. LEXIS 11948 (E.D. Mich 1997); *Thurston v. Borden Waste-Away Service, Inc.*, 1998 U.S. Dist. LEXIS 12105 (N.D. Ind. 1998). And at least one judge has participated in separate opinions, one of which addresses spoliation, and the other spoilation. *Jordan F. Miller Corp. v. Mid-Continent Aircraft Service, Inc.*, 1998 U.S. App. LEXIS 2739 (10th Cir. 1998); *Talmadge v. State Farm Mutual Automobile Ins. Co.*, 1997 U.S. App. LEXIS 3114 (10th Cir. 1997). As a good practitioner, of course, you should defer to your specific nine hundred pound gorilla and call the doctrine what the judges in your jurisdiction call it. But the correct term, as you

well know, is “spoliation,” from the Latin *spoliare*, to spoil or ruin.

Courts often address the destruction of evidence as a pure discovery matter sanctionable under Rule 37, even when the destruction occurred prior to the institution of the litigation, reasoning that spoliation has rendered adequate response to a Rule 34 request impossible. *Turner v. Hudson Transit Lines, Inc.* 142 F.R.D. 681; 1991 U.S. Dist. LEXIS 20661 (S.D.N.Y. 1991); *In Re Air Crash Disaster Near Chicago, IL on May 25, 1979*, 90 F.R.D. 613, 1981 U.S. Dist LEXIS 13085 (N.D. Ill. 1981). Other courts view Rule 37 as a procedural rule (it is, after all, a Rule of Federal Procedure) which cannot be applicable to conduct which occurs prior to the filing of a lawsuit to which those procedural rules apply. Nevertheless, courts can do use their inherent powers to manage litigation to fashion Rule 37-like remedies. *Beil v. Lakewood Engineering and Manufacturing Co.*, 15 F.3d 546, 1994 U.S. App. LEXIS 1421 (6th Cir. 1994); *Unigard Security Insurance Co. v. Lakewood Engineering & Manufacturing Corp.*, 982 F.2d 363; 1992 U.S. App. LEXIS 33352 (9th Cir. 1992).

### *Remedies*

Remedies for spoliation range from nil to nuclear. An innocent act which causes no prejudice requires no remedy. But the

destruction of material evidence in bad faith may result in claims dismissed or judgments summarily imposed, although ultimate sanctions such as dismissal are rarely imposed unless lesser remedies are inadequate. On a showing of bad faith, of course, courts can and usually do impose sanctions to punish and deter similar misconduct. The severity of the sanction may turn on the degree of culpability; and ultimate sanctions such as dismissal are more likely in cases of ultimate bad faith. But not necessarily so. Some courts have held that a specific finding of bad faith is required for imposition of dismissal, *Cole v. Keller Industries, Inc.*, 132 F.3d 1044; 1998 U.S. App. LEXIS 34 (4th Cir. 1998), but others place dismissal within trial court discretion without a finding of bad faith. *Jordan F. Miller Corp. v. Mid-Continent Aircraft Service, Inc.*, 1998 U.S. App. LEXIS 2739 (10th Cir. 1998). The fact is that dismissal as a spoliation sanction is rare, and so is bad faith spoliation. Most spoliation motions arise in situations in which bad faith cannot be definitely shown — and often where the destruction of evidence was merely negligent or in total innocence. No matter — in spoliation, the driving force is not so much to punish as to remedy or compensate for the adverse impact of the loss of evidence. The more important questions, then, are the degree of prejudice caused by the loss and the remedies available to

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ameliorate the harm. And the two most common remedies for spoliation are: (1) an adverse inference instruction and (2) exclusion of testimony relating to the destroyed evidence.

If you fail to produce a witness within your control, the jury will undoubtedly be instructed that your failure to call the witness is because you are deathly afraid of the witness' testimony. A similar instruction is likely to be given if you do not come forward with evidence once in your control. But the failure to bring a living witness to trial is an intentional act; you have an option to bring the witness or not. When a document has been destroyed, on the other hand, you have no option — the thing doesn't exist anymore and cannot be produced. Many courts, therefore, to satisfy the missing witness - adverse instruction logic, require a finding that the destruction of the document was intentional before an adverse inference may attach. *See, e.g., Blinzler v. Marriott International, Inc.*, 81 F.3d 1148, 1996 U.S. App. LEXIS 7575 (1st Cir. 1996); *S. C. Johnson & Son, Inc. v. Louisville & Nashville Railroad Co.*, 695 F.2d 253, 1982 U.S. App. LEXIS 23761 (7th Cir. 1982). Other courts have not reasoned through this distinction, and have permitted the inference without regard to the reason for the unavailability of the evidence. *Schmid v. Milwaukee Electric Tool Corp.*, 13 F.3d 76, 1994 U.S. App. LEXIS 20 (3d Cir. 1994); *Glover v. The Bic Corp.*, 6 F.3d 1318, 1993 U.S. App. LEXIS 24931 (9th Cir. 1993).

It is not unusual for a prospective plaintiff, long before a lawsuit is drafted, to have a product suspected to have caused an injury tested by an expert to verify that a cause of action exists. It is equally not uncommon that the expert, in the course of his investigation, will perform destructive testing and therefore *de facto* make himself the only expert ever in a position to render an opinion about the product. The expert does not act in bad faith; the test has to be performed. Counsel does not act in bad faith; without conducting the test, Rule 11 standards might not be met. But

the evidence is just as destroyed by good faith as by bad.

Good faith, questionable faith, bad faith — they may all be roads to the same destination. In *Dillon v. Nissan Motor Co., Ltd.*, 986 F.2d 263, 1993 U.S. App. LEXIS 2991 (8th Cir. 1993), counsel had an expert examine a vehicle which was involved and heavily damaged in an accident. The expert then had the car towed to a salvage yard. Counsel did nothing to reclaim the vehicle, and the yard routinely destroyed sold it for scrap. Counsel should have known better, and should have taken steps to preserve the evidence; counsel acted in questionable, although not necessarily bad faith. To cure the prejudice to the defendant of being unable to have its own expert examine the car, the court excluded the plaintiff's expert testimony.

In *Unigard Security Insurance Co. v. Lakewood Engineering & Manufacturing Corp.*, 982 F.2d 363, 1992 U.S. App. LEXIS 33352 (9th Cir. 1992), a heater was examined by an expert, who determined it was the cause of a fire; but counsel advised there were no claims that could be brought against the manufacturer and the heater was therefore destroyed. New counsel came to a different conclusion and filed suit. The court had no difficulty finding that the spoliation was in good faith; but it was equally not difficult to exclude the expert testimony as the remedy.

Because the potential remedies are so severe, practitioners must be constantly alert to spoliation issues. Large cases, involving large corporate entities and large document productions, are fertile ground for spoliation claims. Most companies have routine document destruction policies that may sweep up evidence and create spoliation claims. But a case need not be large, and a party need not be a faceless corporate entity. In today's technology driven society, individual e-mail accounts are as common as telephones. Jane Smith is involved in an automobile accident. While she is recovering in the hospital, she writes letters to her five best friends describing the

events which led up to the accident. Those letters are clearly discoverable and may be damaging admissions against her in the lawsuit she later brings against the other driver. But what if, instead of pen and paper, Jane Smith composes her thoughts via e-mail on her laptop? Those e-mails are no less relevant, but likely are far more difficult to retrieve, since Jane empties her e-mail "trash" and purges her outgoing messages automatically every thirty days. Will she be met with an adverse inference instruction when her case goes to trial?

### *The Role of Counsel*

The answer may depend on many factors, but not the least of them may depend on the role of counsel. The cases suggest that there could be a higher degree of culpability — and therefore a higher likelihood of sanctions — when a party knew that evidence about to be destroyed would be relevant to a lawsuit. And you can expect an aggressive opponent to try to turn innocent housecleaning into charges of malevolent cover-up. If Jane did not understand that her e-mails would someday be important, her routine purge would not be intentional destruction of evidence, and she would not be slapped with the adverse instruction in those jurisdictions which require intent. But if Jane had already retained you to file a lawsuit for her, your opponent is likely to argue that you should have told her not to purge her e-mail; your adversary will argue that whatever Jane thought about the discarding of trash, *you* should have known better. The instruction becomes more likely.

Where counsel is *directly* involved in the possible destruction of evidence, the imposition of sanctions becomes still more likely. If you send a key piece of evidence to an expert for testing, you should take reasonable steps to ensure that the evidence will not be altered or destroyed by the expert and that it will be available for testing by your potential opponent; anything short will run the substantial risk of sanctions. There may be circumstances in which it is

impossible to get the facts you need without destructive testing. The courts have been sympathetic to a degree, but you should not count on uniform mercy. A far better form of insurance would be to alert your potential opponent of the upcoming test and give her an opportunity to observe or even participate in the testing. You need to overcome your natural inclination not to share information with a potential adversary against the possibility that you will damage your own case by not sharing.

Most competent attorneys have mental, if not actual checklists of items to address with clients upon retention. That list should include, somewhere very close to the top, an admonition that routine document destruction policies, routine e-mail purges, and routine house cleaning all need to be immediately suspended. It is, so far, a rare case where one of the parties makes a huge issue of purged e-mail or other routine destruction. This is more often than not due to what we called during the Cold War "mutual assured destruction." You cannot afford to press your opponent for purged e-mail, because you know your adversary will drop the same bomb and you, and your client has made the same purges. But by instructing your client from the beginning to monitor and save e-mail and other forms of otherwise routinely destroyed information, you accomplish two enormous advantages: (1) you maintain your documents and eliminate your opponent's ability to bring a spoliation claim against your client and, probably more important, (2) you create a moral high ground from which you can attack your opponent's likely destruction of similar material.

Our picture tube case was settled long before spoliation became a sanction. But do not be like our clumsy friend. Do not let the issue of spoliation slip through your fingers.

# DISCOVERY

## Inadvertent Production

By Jerold S. Solovy  
and Robert L. Byman



In the Olympic games of litigation, there is no event more thrilling than the dumpster dive. Private investigators have long known the truth of the adage “one man’s trash is another’s treasure.” And the gold medal goes to the diver who surfaces with pearls whose inadvertent production waives a privilege.

*Inadvertent production?* Can a privilege be lost because a dumpster diver has trespassed in your garbage? You bet. In *Suburban Sew ‘N Sweep, Inc. v. Swiss-Bernina, Inc.*, 91 F.R.D. 254 (N. D. Ill. 1981), Swiss-Bernina’s president composed privileged letters to his attorney, discarding his hand-written drafts in the waste basket. The basket was emptied by a Swiss-Bernina employee into a large trash container, which was in turn emptied into a trash dumpster used solely by Swiss-Bernina. Plaintiffs came onto Swiss-Bernina’s property without permission, dove into the dumpster and found the otherwise privileged drafts. The magistrate was appalled and ordered the documents returned. But the district judge reversed, finding that the failure to take better precautions constituted a waiver.

A different result was reached in *McCafferty’s, Inc. v. Bank of Glen Burnie*, 179 F.R.D. 163 (D. Md. 1998). The distinguishing and dispositive additional fact was that the privileged materials had been ripped into sixteen pieces before they were discarded. From that fact, the District Court found both

an intention to keep the materials confidential and the exercise of reasonable precautions to do so.

Dumpster diving is relatively rare because it takes a unique breed of person to literally wade through garbage. But the digital analog of the dumpster diver – the computer hacker – works in a clean, intellectually challenging, and non-odoriferous environment. The high-tech dumpster diver faces potential charges far more serious than ordinary trespass. Under the 1986 Electronic Communications Privacy Act, interception of electronic communications is a felony punishable by both civil and criminal sanctions. But you cannot rely on the threat of prosecution to assume confidential materials are protected. Neither court in *Sew ‘N Sweep* or *McCafferty’s* was concerned that an adverse party had broken a law to obtain an opponent’s privileged materials. And anyone able to hack into your client’s e-mail system is bright enough to figure a way to peddle useful information to an adversary while keeping own identity secret.

Law firms, which handle confidential material in bulk, cannot rely on ordinary trash collection to maintain their secrets. Garbage should be routinely shredded before it is placed anywhere a third party, lawfully or unlawfully, might gain access. Electronic communications must be carefully guarded and fire walled against hackers and other unauthorized access. And clients of law firms who anticipate

litigation must be advised to take the same precautions.

### *Inadvertent Production of Privileged Materials*

The problem of inadvertent production is not limited to interception by a clever and unscrupulous opponent. It far more frequently occurs because we simply goof. The federal courts have adopted three distinct standards to address inadvertent production of privileged materials. Under the “strict” approach, any disclosure to a person outside the ambit of the privilege breaks the protection, and there is no way to return the egg to its shell. See, e.g., *In re Sealed Case* 877 F.2d 976 (D.C. Cir. 1989). On the other extreme, some courts apply a “lenient” standard, under which disclosure of privileged materials is excused if truly inadvertent, on the theory that the privilege really belongs to the client and the client should not be disadvantaged by the negligence of counsel. See *Georgetown Manner, Inc. v. Ethan Allen, Inc.*, 753 F. Supp. 936 (S.D. Fla. 1991). The large majority of jurisdictions apply a “middle” standard, which uses a five factor test to determine whether the inadvertent production should be excused: (1) the reasonableness of the precautions to prevent inadvertent disclosure, (2) the time taken to rectify the error, (3) the scope of the discovery, (4) the extent of the disclosure, and (5) fairness. *FDIC v. Marine Midland*

*Realty Credit Corp.*, 138 F.R.D. 479 (E.D. Va. 1991).

There is a temptation to suggest, given these distinct lines of authority, that the care with which you should address yourself to maintaining privileged documents might depend on the jurisdiction in which you practice. But those of you who practice in Florida, Delaware, Nebraska, Pennsylvania, or other “lenient” states should not take great comfort. First, we have not found a case actually applying the lenient standard more recent than 1991; the vast majority of recently reported cases all follow the middle approach. Moreover, many districts have shown a distinct schizophrenia on what standard to apply; the Southern District of New York, for example, has produced opinions from three different chambers, each of which adopts a different standard. You should assume, no matter where you practice, that you may not receive leniency to excuse mistaken production.

Likewise, you should assume that the application of the middle standard may not save you from a strict result. There is a certain logic to the simplistic view that precautions to guard against disclosure are necessarily inadequate if they don’t prevent disclosure to a party opponent; and at least one court has so held. “As a practical matter, the balancing approach and the strict accountability approach will nearly always produce the same result - a

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finding of waiver - where there has been an actual (not constructive) disclosure of the 'gist' of the communication to the opponent." *Draus v. Healthtrust Inc.*, 172 F.R.D. 384 (S.D. Ind. 1997).

Two recent cases, both out of the Southern District of New York, illustrate how fine the line is between adequate and inadequate precautions. In *Lloyds Bank, PLC v. Republic of Ecuador*, 1997 WL 96591 (S.D.N.Y. 1997), 10,000 pages of documents were reviewed. An attorney segregated 227 pages from the total production, put a rubber band around them, and affixed a post-it note on the top of the stack labeled "A/C/Priv." Unfortunately, the note was either ignored or removed, and the privileged documents were produced. The court found that the precautions to avoid inadvertent disclosure — prior review and segregation by an attorney — were sufficient and ordered return of the documents. But in *Bank Brussels Lambert v. Chase Manhattan Bank*, 1996 WL 944011 (S.D.N.Y. 1996), an attorney and paralegal reviewed the documents and segregated 6 pages from a box of documents, placing them in a separate envelope. Despite nearly identical precautions — prior review and segregation by an attorney — the court found that the inadvertent production worked a waiver of the attorney-client privilege.

Come on - let's see a show of hands - how many of you have done exactly the same thing in document production? You have the documents carefully reviewed by a lawyer who carefully selects and segregates privileged materials; and you instruct administrative personnel to copy and produce only the non-privileged documents. The simple answer is that no matter how many of us do the same thing, you cannot rely on the "everybody speeds defense" if you are the unfortunate who gets caught. You must do more than everyone else. It is not enough to simply segregate the privileged documents; they should be physically removed, by an attorney, and kept far apart from the documents to be produced so that there is no chance for clerical

staff to make a mistake. And an attorney, not clerical staff, should review the materials that are actually produced before they go out the door.

### *An Agreement May Help*

Our undying love for chocolate was shaken, however briefly, when we learned that the federal government actually publishes standards on the number of allowable insect parts which may be sold in an ounce of confection. The government reasons that it is not possible to completely keep insects out of chocolate, so it compromises by agreeing on an arbitrary standard of purity. In huge document cases, where hundreds of thousands or millions of documents are produced on relatively tight discovery schedules, the inadvertent production of privileged materials is as inevitable as insect parts. No amount of precaution can stand as an absolute safeguard. As a result, many parties enter into agreements to provide mutual absolution for their expected sins. Indeed, the Manual for Complex Litigation *advocates* such agreements: "The parties may facilitate discovery by agreeing that the disclosure of a privileged document will not be deemed a waiver . . ." Manual For Complex Litigation (Third) § 21.431. Many protective orders or side agreements between counsel recite that if a document is inadvertently produced, it will be immediately returned, its contents not disclosed, and no reference to the contents will be made in the litigation. See, e.g., *Hydraflow, Inc. v. Enidine, Inc.*, 145 F.R.D. 626 (W.D.N.Y. 1993).

You should attempt to enter into such agreements, unless of course you are confident that you have the personnel, resolve, and good luck to be perfect, while your adversary is understaffed, ignorant and ill-fated. But if you enter into an agreement, can you breathe easy and relax your precautions? Can you substitute a protective order or an agreement for careful, painstaking, and expensive review? No way.

No matter how good the order or agreement is, it cannot protect

you or your client beyond the specific litigation in which it is entered. An order is binding on the parties, and a stipulation is an enforceable contract. *Khandji v. Keystone Resorts Management, Inc.*, 140 F.R.D. 697 (D. Colo. 1992). But neither a court order nor an agreement can bind a third party. A waiver of the privilege in one case — even an inadvertent waiver — will waive both the document, and likely the entire subject matter, in any litigation with other parties. In *Westinghouse Electric Corp. v. Republic of the Philippines*, 951 F.2d 1414 (3d Cir. 1991), Westinghouse objected to a government subpoena and later produced documents pursuant to a stipulation that there was no waiver of privilege or work product. But the court was unmoved by the agreement when another party sought the same documents, and affirmed the district court's order of production. Get the stipulation, because it will protect you against that party, but don't rely on it for absolute protection. Your precautions to avoid inadvertent production should be no less stringent whether or not you have negotiated an agreed safety net for specific litigation.

### *Ethical Considerations*

More often than not, the fact that a document is privileged is apparent or obvious on its face. A letter on law firm stationary or a memo addressed to a known attorney should set off flares. When you receive a document production that includes letters from your opponent to his client, what should you assume: That there has been a conscious waiver of the privilege? Or that your opponent is a doofus who inadvertently produced the document to you, but that is his problem? The answer, if you want to conduct yourself in an ethical (and in some jurisdictions legal) manner, is no and no.

The ABA Committee on Ethics and Professional Responsibility has opined unequivocally that "a lawyer who receives materials that on their face appear to be subject to the

attorney-client privilege or otherwise confidential, under circumstances where it is clear they were not intended for the receiving lawyer, should refrain from examining the materials, notify the sending lawyer and abide the instructions of the lawyer who sent them." Formal Op. 92-368 (1992).

While the ABA statement is about as clear as it could be, it is not entirely clear that you ought to abide by it. The ABA's opinion must be read in context of the overriding ethical admonition that a lawyer should zealously represent a client. *Model Rules of Professional Conduct, Rule 1.3 (1998)*. While there is case law following the ABA Opinion, holding that inadvertently disclosed documents cannot be used where their privileged nature was obvious, *Resolution Trust Corp. v. First of America Bank*, 868 F. Supp. 217 (W.D. Mich. 1994), there is also authority that ABA Ethics Opinions carry no precedential weight and cannot trump the law that an inadvertent disclosure is a waiver, *In re United Mine Workers*, 156 F.R.D. 507 (D.D.C. 1994). Given this conflicting authority, we believe that the ABA Opinion goes one step too far. We agree that a lawyer who receives a document, which on its face appears to be inadvertently produced, ought to promptly notify adversary counsel. But we do not agree that you should abide the predictable instruction to destroy or return all copies. It is perfectly legitimate — and well within the case authority — for you to test whether the inadvertent production was sufficient to require disclosure of the document. It must follow then that you should have the right to retain the document (though not publish it to your own client) until you are able to obtain a ruling.

Whether the victim of a dumpster diver, failure to take adequate precautions, or unavoidable inadvertence, it is unlikely that many lawyers will survive an entire career of commercial litigation without encountering the problem. The better your precautions, the better chance you have of being on the winning end of the encounter.

# DISCOVERY

## The Utility of RFAs

By Jerold S. Solovy  
and Robert L. Byman



In the ancient parable, a giant and malevolent ogre guards a bridge the traveler must use to cross a vast and raging river. The ogre confronts the traveler and threatens "I cup a bird between my hands. Admit or deny the bird is alive. If you answer correctly you may pass. If your answer is wrong, I will have your head." The nervous traveler takes in the piles of skulls littered about the ogre's domain. "If I admit the bird is alive," the traveler thinks, "the evil ogre will simply crush it before he opens his hands. If I deny the bird lives, the ogre will open his hands and let the bird fly free. What am I to do?" The traveler's reverie is broken as the ogre demands "Admit or deny the bird is alive! What is your answer?" "The answer," the traveler ingeniously fudges, "is that the bird is in your hands."

In your litigation travels, when you are confronted by a set of Rule 36 Requests For Admissions ("RFAs") you face an ogre; the menace may be somewhat less obvious, but the consequences of a wrong answer are just as fatal. Other forms of discovery have been limited and emasculated. Interrogatories have been limited in number. The allowable number of and length of depositions has been severely curtailed, and pending proposed amendments will restrict them further. Document production has become automatic in those courts which have not opted out of the mandatory disclosure rules, and the

proposed amendments will extend certain mandatory disclosures to all districts. As these other discovery weapons have been diminished, the potential utility of RFAs has grown.

### *RFAs Are Not Really Discovery*

At least one of the reasons RFAs can be an important discovery tool is that they may not actually be a form of discovery. We think of requests for admission as discovery, for the not illogical reason that they are provided for in Rule 36, grouped by the rule drafters squarely amidst Section V of the Federal Rules, a section devoted to depositions and discovery. But a number of courts have observed that requests to admit are not discovery at all, but rather are a device, like a pretrial order, to narrow issues and eliminate disputes. *See, Misco, Inc. v. U.S. Steel Corp.*, 784 F.2d 198 (6th Cir. 1986). And if requests for admission are not discovery devices, they are not subject to discovery cutoff dates. *O'Neill v. Medad*, 166 F.R.D. 19 (E.D. Mich. 1996); *but see, Jarvis v. Wal-Mart Stores, Inc.*, 161 F.R.D. 337 (N.D. Miss. 1995). As other forms of discovery continue to be constrained and restricted, requests for admission remain unfettered. There is no limit on the number of requests that can be made, and in those courts which do not view RFAs as discovery, there are no time limits (other than the trial date itself) for the service of

new RFAs. Forget to ask a question in deposition? Forget to design interrogatories to cover a set of issues? Have to forego asking the question at a deposition because there was not enough time to ask everything you wanted to? No problem — just serve a few requests for admission.

Of course, your ogre adversary must jump through a few basic hoops to construct a proper set of RFAs. Requests for admission must be simple — they should ideally call for a simple yes or no answer, and a request that requires an essay answer may be objectionable. *United Coal Companies v. Powell Construction Co.*, 839 F.2d 958 (3d Cir. 1988). A party need not respond to vague requests which are not capable of simple answer. *Fulhorst v. United Technologies Automotive, Inc.*, 1997 U.S. Dist. LEXIS 22290 (D. Del. 1997). Although requests which seek responses to mixed questions of law and fact are proper, requests for purely legal admissions are not. *Abbott v. United States*, 177 F.R.D. 92 (N.D.N.Y. 1997). In general, a request for admission cannot impose an obligation to investigate facts in the possession of third parties, *Uniden America Corp. v. Ericsson, Inc.*, 181 F.R.D. 302 (M.D.N.C. 1998). But RFAs might properly require that you make inquiries of persons clearly within your client's control, such as a former attorney or other agent, *Meyers v. Hermans Sporting*

*Goods, Inc.*, 1989 U.S. Dist. LEXIS 6956 (S.D.N.Y. 1989).

### *The Peril of Admissions*

If the ogre has thus shaped and sharpened his weapon properly, he confronts you with genuine menace. The peril which lurks in RFAs is found in the awesome force of the admissions which can result. Admissions made in other forms of discovery are evidentiary — they can be disputed with other evidence. If your client makes an admission in a deposition, or if a document recites some harmful set of facts, or if an interrogatory answer takes a bite out of your case, these can all be explained, harmonized or contradicted with other evidence at trial. If the other evidence is more credible than the admission, you win. But admissions which result from RFAs are *conclusive* — they cannot be explained away nor contradicted by other evidence. "[A] Rule 36 admission is comparable to an admission in pleadings or a stipulation drafted by counsel for use at trial, rather than to an evidentiary admission of a party. An admission that is not withdrawn or amended cannot be rebutted by contrary testimony or ignored by the district court simply because it finds the evidence presented by the party against whom the admission operates more credible." *American Auto. Ass'n, Inc. v. AAA Legal Clinic*, 930 F.2d 1117, 1120 (5th Cir. 1991).

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If you fail to timely respond to RFAs, the requests will be deemed admitted, and a default admission is just as binding as a request you affirmatively admit. *United States v. Kasuboski*, 834 F.2d 1345 (7th Cir. 1987) (summary judgment granted based upon default admissions). Your malevolent adversary serves a set of RFAs with the complaint. In a mere thirty days you can't possibly absorb all of the facts; you can't be sure whether to admit or deny certain of the requests. What are you to do? Okay, if the effect of an admission is potentially fatal, you can't afford to admit, right? You must either deny or fudge. You know there are sanctions for an unjustified denial, so you fudge — the bird is in your hands, counselor ogre — so there! But here's the rub — if you aren't very, very careful, your fudge will be taken as an admission!

You are the Litigation Traveler. You have been commissioned by your liege, King Client, to travel the litigation highway to the land of Trial in search of the holy grail, the Defense Verdict. Shortly into your travels, you encounter the ogre of Rule 36. "Admit or deny," the ogre demands, "that Carl Careless, who drove the wagon that injured Pauline Plaintiff, was the agent of King Client." What do you do? Do you admit? Are you ready yet, this early in your litigation travels, to admit for all time the undoubtedly critical question of agency? Do you deny, knowing that in all likelihood you will eventually have to admit and be sanctioned for the earlier denial? Or do you fudge? Do you keep all options open by objecting that the question is vague, and you do not know what the word "agent" means? Do you say that you are simply not able to answer at this time; you'll answer later? Will the ogre let you pass, or will he add your head to his collection?

Like the original parable, there is no easy answer. If you admit, you may be stuck. You may not be allowed to retract the answer, even if other evidence conclusively proves the answer is incorrect. If you deny, you may subject your client to sanctions.

And if you fudge, you may make matters even worse.

Based on your current knowledge, it is true that Carl Careless was King Client's agent. So you should admit, right? If you discover facts later that show you were wrong, you can withdraw or amend the admission, right? Well, not necessarily.

"Any matter admitted under [Rule 36] is conclusively established unless the court on motion permits withdrawal or amendment of the admission." But the standards for withdrawal and amendment are totally within the discretion of the trial court. A number of courts have allowed withdrawal on relatively easy terms, shifting the burden to the propounding party to show prejudice in order to successfully oppose a withdrawal. *See, e.g., Upchurch v. USTNET, Inc.*, 160 F.R.D. 131 (D. Or. 1995); *American Petro, Inc. v. Shurtleff*, 159 F.R.D. 35 (D. Minn. 1994). Other courts have allowed withdrawal of admissions, but have imposed monetary sanctions against the withdrawing party in the process. *Thalheim v. Eberheim*, 124 F.R.D. 34 (D. Ct. 1988); *Mid Valley Bank v. North Valley Bank*, 764 F. Supp. 1377 (E.D. Cal. 1991). But other courts have been even less sympathetic. In *Harrison Higgins, Inc. v. AT&T Communications, Inc.*, 697 F. Supp. 220 (E.D. Va. 1997), the court denied a motion to withdraw and amend an admission, and entered summary judgment based on the admission. In *Smith v. Alice Amanda Inc.*, 1997 U.S. Dist. LEXIS 17860 (E.D. Va. 1997), the court held that an inadvertent failure to timely respond to request for admissions was not a legitimate excuse sufficient to allow the withdrawal of default admissions. And in *O'Neill v. Medad*, 166 F.R.D. 19 (E.D. Mich. 1996), the court exercised its discretion to not allow withdrawal of admissions, even though it found that both the merits and the prejudice issues cut in favor of the party seeking the withdrawal.

Okay, you can't deny in good faith. That is almost certain to lead to sanctions. So that suggests that you should fudge and keep your options open, right? Wrong. If the

court decides that your equivocation is not in good faith, the court can simply convert a waffle into an admission.

### ***Rule 36 Comes With a Wide Range of Sanctions***

The problem is that Rule 36 carries with it a far wider range of remedies and sanctions than any other discovery tool. In other forms of discovery, an inadequate or evasive answer is addressed through a motion to compel and is sanctionable under Rule 37. Putting aside systematic and outrageous discovery abuse for which ultimate sanctions can be imposed, the typical remedy for typical evasiveness is usually no more severe than an order to do what you should have done in the first place, probably coupled with a monetary sanction. But Rule 36 provides alternate remedies. A party who believes she has received an incomplete or evasive answer can seek the same remedies under Rule 37 as for any other discovery abuse, but Rule 36 adds an important additional remedy: the party can seek an order that the response be deemed an admission. What's that, you say? If I deny the request to admit, the court can tell me that my denial is the equivalent of an admission? An admission that is binding? An admission that I cannot later explain away? You've got it.

In *County of Shelby v. Dow Chemical Co., Inc.*, 6 Fed. R. Serv. 3d 1047 (W.D. Tenn. 1986), the court found that quibbles over terms in the request did not meet the good faith requirement of Rule 36. The plaintiff requested that Dow admit that it "provided working capital" to a third party. Dow responded that it could not admit or deny because it was unclear as to the meaning of the term "working capital." But Rule 36 does not allow quibbling and hair splitting. Instead, it imposes a duty of good faith and, where the court determines where the duty has been breached, it can convert a denial into an admission. *See also, Thalheim v. Eberheim, supra.*

A straight denial, oddly enough, may be a vastly superior course to an attempt to deny based upon a quibble, hair split, or other

attempt to qualify. Rule 36 allows four options: in response to a request, a party may (1) admit, (2) deny, (3) object or (4) specify a reason why the party cannot truthfully admit or deny. But the good faith obligation of Rule 36 literally applies only to the latter option. It can be argued that if an unequivocal denial is made, the requesting party has his options under Rule 37 for later sanctions, but he may not be entitled to an order converting the denial into an admission. *See, United Coal Companies v. Powell Construction Co.*, 839 F.2d 958 (3d Cir. 1988). But it is by no means clear that a court could not impose the good faith requirement — and the potential sanction of treating a denial as an admission — to any form of response. The only way to be certain that your answer to a request for admission will not harm your case is to be right.

So what are you to do, Litigation Traveler? Our modern parable differs from the ancient. The fudge worked with the ancient ogre; but it will not with modern courts. Admit where you should. Deny where you must. Fudge never.

# DISCOVERY

## 1999 Rule Amendments

By Jerold S. Solovy  
and Robert L. Byman



By the time you read this, it may be too late. In August 1998, the Advisory Committee on Rules of Practice and Procedure of the Judicial Conference of the United States promulgated proposed amendments to the Federal Rules. If you wanted to comment you had to do so by February 1, 1999. Did you? Did you want to? Were you even aware that significant changes are slated to be made to the way Federal discovery is conducted as of December 1, 2000, when the changes will take effect?

Despite the potential significance of these changes, it appears that there has been relatively limited publicity and concomitantly little reaction from members of the bar. In fact, as of mid-January 1999, the public record reflects a mere hundred or so submissions to the Judicial Conference commenting on the proposed changes. To be fair, many of these submissions have been on behalf of bar associations with wide memberships, but the fact remains that the number of actual persons who have addressed the issues has been relatively small. We are, for example, members of both the American Bar Association and the American College of Trial Lawyers, each of which have submitted formal comments — but those comments were drafted by committees that naturally did not ask us for personal input, and the submissions do not necessarily reflect our personal views.

In fact, *WE* do not necessarily have *A* personal view. As co-authors, our past columns have spoken with a single voice. But the two of us are not certain what to make of these amendments. They are big changes, to be sure, but are these changes for the good? And so we offer you point and counterpoint.

### *Mandatory Initial Disclosures Will Be Mandatory*

BOB: Jerry, I like this proposed change. The mandatory initial disclosure of witnesses and key documents, implemented with the 1993 amendments, was designed to simplify discovery, shorten the litigation timetable, and reduce costs. But there were two problems which these proposed amendments will fix. First, the current rule lets individual districts opt out, and too many of them have done so — forty-five of the ninety-four district courts. It is insane to have half of the districts follow one rule, and half another — the federal courts should have uniform rules of procedure.

JERRY: Bob, let me interrupt you — I don't necessarily agree that we need to have a cookie cutter set of rules about how every district court should monitor discovery. But even if I did agree that uniform rules are desirable, this proposed amendment doesn't fix the problem, it only makes it worse. The proposed amendment will prevent *districts* from opting out by local rule, but it will preserve

the right of individual judges to opt out by order. The judges who voted in the past for local rules to opt out can be expected to vote in their own courtrooms to do what they think best. So now, instead of having ninety-four district courts that basically take one of two positions, we are going to have a thousand individual district judges who will create Lord knows how many different rules by standing or ad hoc orders. Now, *that's* insane.

BOB: Insane? The clear purpose of these amendments is to achieve uniformity. The language that allows modifications by order is clearly intended for extraordinary circumstances, and the comments suggest that standing orders cannot be used to circumvent the rules. It's insane to think that judges are going to thumb their judicial noses at that history and undo it with ad hoc orders.

JERRY: Sure. You're right. Extremely bright judges with life tenure would never think of using the actual language of a rule to do what they think is best in their own courtroom, when it might go against the intention of a rules committee. I stand by what I said — so long as the rule allows them to, judges are going to amend the mandatory disclosures by individual orders.

BOB: Well, at least the amendments have conclusively taken care of the second problem under the existing mandatory disclosure rules. Under the current rules, mandatory disclosure is

required of every witness and document relevant to any disputed fact alleged with particularity in the pleadings. That forces lawyers to become advocates for their adversaries, by forcing the production of materials that are harmful to your own case. The proposed rule will put things back where they ought to be, and make lawyers do their own work. Under the proposed rule, a party only has to identify witnesses and documents that support the disclosing party's own position.

JERRY: But you still have the same problem — the rule as written allows any judge to change the rule by order. So the judges of the forty-nine courts that apparently liked mandatory disclosure of adverse materials — not to mention the minority who were outvoted in the districts that didn't opt out — can simply reimpose that standard by order.

BOB: You know, we're both missing the real point. Why do we need these initial disclosure rules in the first place? These rules — current or amended — are unnecessary and, therefore, burdensome. It takes about five minutes to draft an interrogatory and document request asking for the identity of witnesses with knowledge of the facts and the production of documents relevant to the claims in the proceedings. Why do we need a rule to do what everyone is going to do anyway?

JERRY: No, it's you who is missing the point, Bob. The point is not that there are other ways to

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do it; the point is to do it in the most efficient way possible. When I serve my interrogatory on you, you have the ability to delay, obfuscate, hedge and fudge. I am left to having to meet and confer with you to try to iron out the problems, and then I must engage in motion practice to get an order. Then and only then can I ask for sanctions under Rule 37 if you don't give me the materials. With automatic mandatory disclosures, I cut through all of that expense and needless motion practice because I *start* with a court order — or rule — requiring disclosure. This rule eliminates gamesmanship.

BOB: Well, now that you put it that way, I'm not sure we *do* disagree. Mandatory disclosures are good if they simplify the inevitable process of requiring the production of core materials. So maybe all we need to do for us both to be happy with this proposed amendment is to make sure that the ability of a court order to modify the mandatory disclosures needs to be based on the particular circumstances of an individual case rather than a general, standing procedure.

### ***The Proposed Amendments Will Dramatically Change The Scope Of Attorney Directed Discovery***

BOB: Well, Jerry, I'm sure we agree that one of the most important of the proposed changes is a substantial limit on the scope of what the drafters call "attorney directed" discovery — discovery that the attorneys can request without help from the court. Under the existing rules, the parties can seek production of anything "relevant to the subject matter" of the dispute. The proposed amendments would retain that same broad latitude for the court, but the parties would be limited, absent court order, to discovery of matters "relevant to issues raised by the claims or defenses." That ought to cut down substantially on burdensome and overbroad discovery requests.

JERRY: Bob, you're being naive. Maybe the drafters of these amendments have some clear understanding of the difference between the phrases "relevant to the subject matter involved" and

"relevant to issues raised by the claims or defenses of any party." But the distinction is not clear to me, and the only things I know with certainty are, one, that lawyers will find ways to disagree on the meaning of those terms, and, two, judges will have to resolve those disagreements. If the purpose of these proposed amendments — as the drafters say — is to reduce the cost of discovery, they have shot themselves and the discovery process in the foot with this amendment. Maybe costs will go down in the long term after a few Circuit Courts have rendered opinions, but in the short term there will be hugely expensive litigation over these disputes. Moreover, even if we could settle on some bright-line distinction between what the parties can ask for and what the court can allow, you can expect routine motion practice to ask the court for the broader discovery. This amendment does not save anything — it is going to up the costs dramatically.

BOB: But Jerry, you are not taking into consideration another of the proposed amendments, to Rule 34, that allows the court to condition production of documents on the payment by the parties seeking disclosure of reasonable expenses wherever the discovery sought is unreasonably cumulative or the burden or expense of the proposed discovery outweighs its likely benefit.

JERRY: Bob, don't be silly. Courts always had that power. All this amendment does is make explicit what has always been implicit.

BOB: What's wrong with spelling it out?

JERRY: Because it goes too far. Courts have always had the inherent power to fashion equitable orders relating to discovery, costs and burdens. But by explicitly mandating that the court should consider imposing costs on a party seeking discovery where the proposed discovery outweighs its likely benefit, we create an articulated barrier that may thwart justice. Take the tobacco cases as an example. How many thousands of individual cases or class actions were filed against the tobacco

industry, how many document requests were served, before the few pieces of paper came to light that were the smoking (pardon the pun) guns that brought about a \$200 billion settlement? Under the proposed new amendments, those documents would never have seen the light of day, because the plaintiffs' bar would never have had the resources to pay the costs associated with "cumulative or duplicative" discovery. This is a bad amendment.

BOB: Only if you assume parties are willing to respond to discovery requests dishonestly and that judges are not capable of smelling it. The amendment is not designed to make it too expensive for Joe Six Pack to file and prosecute a lawsuit against Big Tobacco. Just the contrary, it is designed to make sure that Big Tobacco cannot make it too expensive for Joe Six Pack to litigate a genuine dispute. Inherent in the rule is that the court must use discretion to weigh the relative size of the parties, the reasonableness of the discovery sought, and the likelihood that the discovery will yield admissible evidence.

JERRY: But the courts have all of that discretion right now. We don't need these amendments.

### ***The Amendments Will Impose A Seven Hour Limit On Depositions***

JERRY: Let's get to the one proposed amendment where we cannot disagree that there is a real change. The new rules will limit all depositions, absent court order, to a single day of seven hours. There is certainly nothing like that in the existing rules, so you cannot argue with me that this is no totally new. And this rule is going to put an end to multi-day depositions, which are one of the most needlessly expensive and abusive problems with the existing discovery system.

BOB: Sorry, Jerry, but I do disagree with you. Courts have the power right now to impose limits on discovery and could, if they wished, impose a seven hour limit or a six hour limit, or whatever other limit they wish. And, because the proposed amendments allow — as they do for all of the other "changes" — individual

courts to modify the rule by order, courts will remain free to impose a five, six, seven or no hour limit rule at their pleasure. But let's assume that the seven hour rule holds generally fast. What makes you think that will help make litigation more cost effective? A deposition is not like a session on a tanning bed, where the number of minutes invested has a direct relationship to the good or harm that might be done. Some depositions only require an hour — but are we going to see people stretch them out just because there is some presumption that a deposition should take seven hours? Some depositions genuinely need several days. What's the point of imposing an arbitrary limit? Moreover, this rule can be abrogated not just by the court, but by the parties and the deponent by agreement. Maybe this rule would be helpful in certain limited David & Goliath situations, but in most cases the parties are likely to routinely enter into stipulations for their mutual benefit to abrogate the rule. So what's the point?

### ***What Is The Point?***

What's the point? Okay, we didn't actually have this debate. But we should have — and you should have. These proposed amendments will dramatically alter the way we all practice. Our mock debate demonstrates that there could have been, should have been fierce debate — yet there has been surprisingly little attention and reaction to these major amendments. Unless the Judicial Conference, the Supreme Court, or Congress acts to alter or derail them, these amendments go into effect on December 1, 2000. The goals of these amendments — to simplify and reduce the costs of discovery — are undeniably laudable. But we are less sanguine that the amendments will actually achieve their goals. And these changes are too important to all practitioners to go into effect by default. So, maybe it's not too late. February 1 comment deadline or not, conduct your own debate and weigh in. Let your voices be heard!

# DISCOVERY

## Designating Testifying Experts

By Jerold S. Solovy  
and Robert L. Byman



Such an innocent, simple act. Open the box, take a little peek. In Greek myth, Pandora's curiosity let loose all the evils known to mankind when she opened her box. In this age of pretrial rules and orders, we are asked to peek into the future, to designate expert witnesses long before trial. The designation of a testifying expert seems innocent and simple enough. But it is fraught with potential evils that must be carefully considered.

We all know the basic truism that exchanges with consulting experts are not discoverable, while we must produce in discovery anything relied upon by testifying experts. [There is no absolute assurance that materials shared with consulting experts is not discoverable, but that is a subject for another column, another time.] But the designation of a trial expert may open Pandora's box. You must carefully consider the evils let loose by your designation.

### *Evil One: You May Forfeit Work Product*

Prior to the 1993 amendments to the Federal Rules, discovery of experts was limited and circumspect. The sole discovery tool automatically available was an interrogatory to obtain the identity of the expert, an overview of her opinions, and the bases for those opinions. Although courts routinely allowed it, further discovery such as document production and depositions were

not available except by order of Court. With the amendments, parties must now provide expert reports with "a complete statement of all opinions to be expressed and the basis and reasons therefore" and "the data or other information considered by the witness in forming the opinions." The amended rules provide that any person designated as a testifying expert may be deposed after the report is exchanged.

Under the old rules, even when documents were produced and depositions taken, counsel could generally draw a line between the universe of information supplied to the expert and the materials actually relied upon to inform the opinion. Counsel used that line to shield from discovery work product and other possibly privileged materials which the expert could, in good faith, claim he did not rely upon. But the 1993 amendments erased that line. The amended rule requires production of all materials "considered" by the expert. Anything given to the expert, therefore, is discoverable, whether or not the material actually played a role in the final opinion.

Evil Number One is obvious: when you convert a consulting expert into a testifying expert, you have probably waived work product for any materials shared with that expert while she was a consultant.

*B.C.F. Oil Refining, Inc. v. Consolidated Edison Co.*, 171 F.R.D. 57 (S.D.N.Y. 1997), offers

a scholarly review of the 1993 amendments and their impact on expert discovery. BCF argued that its designated trial expert actually performed dual roles, one as a testifying expert and one as a technical litigation consultant. The Court accepted that distinction, but held, at the outset, that any ambiguity as between the two roles must be resolved in favor of full discovery. The Court then addressed BCF's argument that even if ordinary work product might be waived by the designation of the consultant as a testifier, *opinion* work product was entitled to remain sacrosanct, shielded from discovery. The Court rejected the argument, concluding that the drafters of the amendments understood the issues related to opinion work product and "decided that disclosure of material generated or consulted by the expert is more important."

Counsel will want to share as much as possible with consulting experts, especially where the expertise is technical and beyond the attorney's education and intellect. It is equally common and understandable that the attorney will want share his own thoughts and opinions about the subject matter of the expert retention, in order to get the best possible understanding of the expert's opinions. But the danger of converting the expert from consultant to testifier is that all of those previously protected communications are now subject to full discovery and disclosure.

Counsel often try to mitigate the effect of this problem by insulating the testifying expert from the consultant. We hire two experts — one with whom we can speak freely, and one with whom we share only those thoughts carefully distilled through the consultant. This generally works — so long as we were prescient enough to designate the right person as the consultant and the right person as the witness who will testify at that early stage in the case when we decided with whom to share our innermost secrets.

A variation on the theme, commonly employed in complex cases where we turn to large consulting firms which employ armies of professionals, is to have one individual firm member act as the consultant and designate another as the testifier. We turn to one of the big five accounting firms, for example, for both consulting and testifying expertise in a complex accounting case. Partner X is assigned as the talking head, the person to whom we will give the refined information, but none of the baggage, necessary to give effective trial testimony. Partner Y is the guy with whom we spend most of our pretrial time, sharing our innermost secrets and concerns. And that should work. After all, we designate partner X as an individual witness, not his firm. But beware — there are some cases in which courts have assumed that the *firm* is actually giving expert testimony and, as a result, information possessed by

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any employee of the firm may be discoverable. See, e.g., *Bank Brussels Lambert v. Chase Manhattan Bank*, 175 F.R.D. 34 (S.D.N.Y. 1997).

*The problem is that too many lawyers do not look far enough ahead.* They share their innermost opinions with their expert consultants, confident that the confidences are confidential. They do not think ahead to the day when trial experts must be named. The day comes and – although they expected to find a better testifier – they are forced to name the consultant or go without an expert. And by so doing, poof go the confidences. To mitigate this potential evil, you should not to disclose to any expert anything you would be embarrassed to someday share with your adversary. But that is often not the answer. You may not be able to get any value from your experts if you cannot share your concerns. The best, and safest approach, is to share those concerns with an expert you are confident you will never designate for testimony.

### ***Evil Two: You May Waive Attorney-Client Privilege***

There is often a temptation to designate as a testifying expert a person who not only has real expertise but also has background with the subject matter or the client which make that individual the logical and efficient choice. But logic and efficiency can sometimes bite. For example, it is common to designate a patent attorney to testify on issues such as validity, enforceability, and infringement. And it is often most efficient and natural to designate the same attorney who was involved in the prosecution of the patent as the expert, since that attorney is already the most knowledgeable person on the subject. The client will save a great deal of money. But that savings may come at great cost; the expert designation will almost certainly waive any privilege for any matters having anything to do with the patent in suit. See, e.g., *Multiform Dessicants, Inc. v. Stanhope Products Co., Inc.*, 930 F.Supp. 45 (W.D.N.Y. 1996); *Vaughan Furniture Company, Inc. v.*

*Featureline Manufacturing, Inc.*, 156 F.R.D. 123 (M.D.N.C. 1994). Thus, evil two is far larger in scope than evil one. The designation may result not only in the waiver of privilege relating to the specific expert engagement, but also in the waiver of privilege for other engagements related to the subject of that retention.

And that may not be all. In *The Herrick Company, Inc. v. Vetta Sports, Inc.*, 1998 WL 637468 (S.D.N.Y. 1998), the defendants, one of them a major law firm, designated a well known law professor, Charles W. Wolfram, as an expert trial witness on the subject of legal ethics. By designating Wolfram, the law firm obviously knew that any matters related to that retention would be the subject of discovery. But the firm had enjoyed a relationship with Wolfram for many years on a variety of other matters. Wolfram had been retained more than half a dozen times to render advice related to matters for other clients of the firm and nearly a dozen other times to render advice directly to the firm on legal ethics issues.

The Court had no difficulty finding that these prior engagements of Wolfram would ordinarily be within and shielded by work product and attorney-client privileges. But the Court held that the firm, by designating Wolfram as an expert trial witness, had opened the door on other engagements regarding legal ethics, because those other engagements would be relevant to effective cross-examination of Wolfram. The designation of Wolfram as a testifying expert erased the privilege on 18 other engagements, a result we suspect was not intended.

### ***Evil Three: Your Expert May Become Your Adversary's***

The greatest evil of all is being forced to designate an expert before all the facts are in and before a final opinion is reached. What do you do if the expert changes her opinion and now sides with the other side? Or what if you find a better witness? Or what if you find a better witness? You designated witness has some helpful testimony but is shaky on

certain issues; your new find is perfect, except of course she is slightly at odds with the original witness. No problem, you say — just withdraw the designation of the first witness. But not so fast. Once an expert witness is identified for testimony at trial, the genie is out of the bottle and cannot be put back in. You can choose not to call the witness at trial, but you cannot undesignate the individual, and you cannot prevent your opponent from taking the deposition of the expert, adopting her opinions.

“Once an expert is designated, the expert is recognized as presenting part of the common body of discoverable, and generally admissible, information and testimony available to all parties.” *House v. Combined Insurance Company of America*, 168 F.R.D. 236 (N.D. Iowa 1996).

In *Agron v. Trustees of Columbia University*, 176 F.R.D. 445 (S.D.N.Y. 1997), Agron retained a psychiatrist to offer expert testimony to support her claim that she suffered from a mental disability. Her expert, Dr. Deutsch, diagnosed her as suffering from chronic paranoid schizophrenia. After designating Dr. Deutsch as an expert witness, plaintiff found an expert more to her liking, who opined that the plaintiff did not suffer from schizophrenia but rather post traumatic stress disorder. Agron withdrew her designation of Deutsch as an expert, and Columbia promptly put him on their list of potential witnesses. Over Agron's objection, the Court allowed Columbia to convert Deutsch into their expert witness.

The Court did, however, grant one substantial concession to Agron — it precluded Columbia from eliciting that Deutsch had originally been retained by Agron. The Court found that it would be unfairly prejudicial — indeed explosive — if the jury were advised that an expert was originally retained by the plaintiff and withdrawn. The Court feared that the jury might draw the inference that Agron or her counsel was trying to suppress unfavorable evidence.

But that, of course, is exactly what Agron was doing. Agron had

testimony, made it public, and then decided that the testimony was not helpful and wished to withdraw it. Of course that testimony would be prejudicial to Agron; the question is whether the prejudice is undue or unfair.

In *Peterson v. Willie*, 81 F.3d 1033 (11th Cir. 1996), the trial court permitted Willie to call a trial expert who was originally designated and later withdrawn by Peterson. The trial court also permitted Willie to elicit that the expert had originally been retained by Peterson. The Eleventh Circuit affirmed the trial court's discretion to allow the testimony, but held that it was error to advise the jury that Peterson had originally retained the expert. Error, but not reversible error. Judgment for Willie stood, error and all. The *Peterson* Court not only found the error harmless, it laid a framework for future decisions which would permit the jury, without error, to hear about similar retentions. The Court noted that any attempt by the original designating party to question the credentials or qualifications of a switched-loyalties expert might well open the door to rebuttal to show that the party was initially pleased with those credentials.

There is only one solution to this evil: don't make a mistake. Don't designate an expert unless you are sure that she will support *your* case, not your opponent's.

### ***Keep A Lid On It***

Unlike Pandora, you do not have the choice whether or not to lift the lid. You must designate a testifying expert whether or not evil lurks behind your decision. But you have an advantage over Pandora — she did not know what was in the box and was unprepared for the evils she loosed. Now that you know, you can take steps to protect yourself. Do not share harmful materials with experts who might be designated as trial witnesses. Do not designate trial witnesses who carry baggage you are not willing to share with your opponent. And do not designate a trial witness whose testimony will make you wish you had listened to your mother and had become a doctor.

# DISCOVERY

## Measuring A Subpoena's Reach

By Jerold S. Solovy  
and Robert L. Byman



Here's a little pop quiz. How much does 100 pounds of cork weigh? In what season did Washington spend the Winter in Valley Forge? How far is 100 miles? The answers: 100 pounds; Winter; it depends. You know you can compel non-parties to produce documents and give depositions by issuing a subpoena under Rule 45. You know that the subpoena can compel attendance of a non-party anywhere within 100 miles of the deponent's business or residence address. But things get a little shaky when you try to measure those 100 miles.

From your skyscraper windows in Chicago, you can see the stacks of the steel mills in Gary, Indiana, and with a good pair of binoculars you can see the masts of the sailboats moored in Benton Harbor, Michigan. As the crow flies, it is exactly 100 miles from your offices to Holland, Michigan. So when you need to take the deposition of the Second Vice President of First of America Bank of Holland, Michigan, in your case pending in the Northern District of Illinois, you can simply issue a subpoena under Rule 45, right?

### How Far Is 100 Miles?

You can issue it, but don't hold your breath that it will be valid. The problem with computing distances "as the crow flies" is that witnesses seldom arrive for depositions via crow. Actual witnesses ordinarily travel

by motor vehicle, and we know, from plugging in the respective addresses at [www.mapquest.com](http://www.mapquest.com), that the shortest and fastest driving route from the bank to your office is 149.8 miles. So do we measure by crow or by car? The weight of authority appears to favor the crows, but that authority is neither voluminous nor overwhelmingly persuasive.

The precise issue actually arose in *SCM Corporation v. Xerox Corporation*, 76 F.R.D. 214 (D. Conn. 1977). The distance between the witness, who resided on Long Island, and the court in Hartford, Connecticut was 88 miles "as the crow flies," but 113 miles by automobile. The ability of the court to compel attendance of the witness, therefore, turned on whether it measured by crow or by car. The court observed that the 100 mile limit dates back all the way to 1789, when modern phenomena such as traffic jams were not an issue. The court noted that the cases which had confronted the issue, such as *Merchant Bank of New York v. Grove Silk Co*, 11 F.R.D. 439 (M.D. Pa. 1951), construed the 100 mile provision as referring to the ordinary, usual, and shortest route of travel. But the court noted that, in 1963, F.R.Civ.P. 4(f) was adopted, providing for 100 mile "bulge" service to permit service of process within a 100 mile, straight line radius of the district court. Reasoning that it would be anomalous for there to be different standards for the territorial reach of

the court for jurisdiction over parties and for the power to compel non-parties to attend discovery and trial, the *SCM* court decided to depart with past authority and adopt a straight line, crow fly approach to Rule 45.

There are several fundamental problems with the logic employed by the *SCM* court. First, Rule 4 was not designed to be and clearly is not coextensive with Rule 45. Rule 4 provides for service within an entire state in multi-district states, without regard to mileage; so there will often be differences between the jurisdiction reaches of the court for process and for witnesses. Second, and far more important, is that Rule 4 addresses the court's reach as to *parties* while Rule 45 addresses the inconvenience to *non-parties*. And if it was not already questionable, the logic of treating parties and non-parties equally was seriously undercut with the 1991 Amendments to Rule 45.

Prior to 1991, the burden of responding to discovery subpoenas on a non-party was mitigated only by the requirement that a witness fee and mileage be paid. The court had inherent discretion to ameliorate oppressive discovery, of course, but that was discretion seldom exercised. With the 1991 Amendments, however, courts were directed to compel parties who issue subpoenas to "take reasonable steps to avoid imposing undue burden or expense on a person subject to [a third party] subpoena." It is now mandatory,

not discretionary, to condition the enforcement of a subpoena on the payment by the requesting party of the non-party's cost of production. See *First American Corp. v. Price Waterhouse, L.L.P.*, 1998 WL 909, 882 (S.D.N.Y.).

The Amendments to Rule 45 make it clear, then, that it is paramount to protect the interests of the non-party. That being the case, the analogue employed by the *SCM* court between Rule 4 and Rule 45 breaks down. When the 100 mile distance was adopted in the 18th Century, 100 miles was a formidable distance which likely could not be traversed in a single day. While we have tinkered with jurisdictional amounts to adjust for inflation, there has been no adjustment of the 100 mile limit to account for technology. But that's the point — there is a limit and it has not been changed. Clearly, when the limit was originally imposed, no one was thinking about straight line or crow fly measurements, since the technology did not exist to make such measurements meaningful. The drafters of the 100 mile limit clearly intended that the distance be measured by the actual route of travel because there was no other way to travel.

### Why Not Just Serve The Subpoena And See If The Witness Will Comply?

Well, you say, if the law is not settled, there is nothing to stop you from issuing a subpoena

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against the bank officer located in Holland, Michigan, commanding him to appear in Chicago. The officer's choices will be to appear or to file a motion to quash, on which he will have the burden of persuasion. So you can go ahead and issue the subpoena and, having not received notice of a motion to quash, order the court reporter, prepare for the deposition, and confidently await the arrival of your witness. Right? Wrong.

Rule 45(c)(3)(A)(ii) states that a court may on timely motion quash or modify a subpoena that requires a person not a party to travel more than 100 miles. So the Rule puts the burden on the subpoenaed individual to seek relief. But not so fast. There is a structural anomaly in Rule 45. Rule 45(e) provides a contempt remedy against any person who without adequate excuse fails to obey a subpoena. But "an adequate cause for failure to obey exists when a subpoena purports to require a non-party to attend or produce at a place not within the [100 mile] limits." So Subsection (e) trumps the requirement of the filing of a motion to quash seemingly required by subsection (c). A non-party who is served with a subpoena requiring production beyond the territorial limits can simply ignore the subpoena and need not file a motion. *McAuslin v. Grinnell Corp.*, 1999 WL 24617 (E.D. La.). If the bank officer decides to ignore your subpoena, you will not simply waste your own time; you will subject your client to sanctions caused by other party's efforts for the ineffective notice. F.R.Civ.P. 30(g)(2). So you had best measure correctly.

### ***Does The Time Of The Measurement Matter?***

So the way you measure 100 miles may make a difference. So might the date on which you measure — another reason that the SCM court's reasoning based upon Rule 4 is flawed. Under Rule 4, the 100 miles is measured at the time service is made. A served defendant cannot defeat jurisdiction by moving. But the 100 mile measurement for non-party witnesses is not made at the

time of the service of the subpoena, but rather at the time for compliance with the subpoena. In *Comm-Tract Corp. v. Northern Telecom, Inc.*, 168 F.R.D. 4 (D. Mass. 1996), a witness was served with a subpoena while he lived in Massachusetts, but he had moved to Hong Kong prior to the return date on the subpoena. Because the issue is the convenience or inconvenience to the witness, the court ruled that the measurement must be taken at the time of compliance, not service; the witness was not required to comply with the subpoena. This raises an interesting thought. Can a witness who really doesn't want to testify, and who is willing to change his address at will, avoid his duty entirely simply by moving as necessary until the trial is over? Probably not. In *Comm-Tract*, the decision to move was long planned, and had nothing to do with avoiding compliance with the subpoena. A court faced with obvious gamesmanship by a witness should not feel obliged to protect that witness from inconvenience. And if the witness' recalcitrance can be imputed to a party, that party is likely to suffer the consequences.

### ***The Best Way To Be Sure Your Subpoena Is Valid Is To Be Conservative***

So how and when do you take your measurements? Let's be practical here. The object is to get the bank officer's deposition, not to make new law or engage in intellectual debate. So the first step should be to see whether you have a problem. Call the officer. Ask if he will voluntarily appear in Chicago or some other mutually convenient location. Ask whether he will require a subpoena. With the cost of a 5-minute phone call, you might obviate the need for any further worry over the scope of Rule 45. But let's say that the witness tells you to go jump in that body of water that creates the mileage measurement conundrum. Do you want to clarify or make new law on the subject, or do you want to get your deposition in the most inexpensive and efficient manner?

The answer is that, until you have a *pro bono* case and abundant free time, or until you have an informed client who has more money than sense, it will invariably be less expensive and more efficient to take a conservative approach to Rule 45. Issue the subpoena out of the Western District of Michigan, and find a location well within 100 miles (by crow) to hold the deposition. The 1991 Amendments to Rule 45 make the issuance of subpoenas outside your home district easy. Prior to the Amendments, if you wanted a subpoena issued out of another district court, you had to open a miscellaneous case file and have the subpoena issued by the clerk. Now, an attorney may issue and sign the subpoena herself, even if she is not admitted to practice in the district court where the witness is located. See *Kupritz v. Savannah College of Art & Design*, 155 F.R.D. 84 (E.D. Pa. 1994).

But be careful. Do not forget to create the subpoena with the caption of the court which has jurisdiction. If you forget and use the caption of your pending case, the subpoena will have been issued by the wrong court, the subpoena will be invalid and neither the home court nor the other court will have jurisdiction to enforce the subpoena. The court where the case is pending has no jurisdiction to rule on objections or enforce subpoenas which have been or should have been issued in another court. *In re Digital Equipment Corp.*, 949 F.2d 228 (8th Cir. 1991); *Kupritz, supra*.

### ***Serve A Subpoena Even If You Don't Have To***

And even if the witness agrees to appear without a subpoena, you may want to serve a subpoena anyway. First, she may change her mind or forget to appear; without the subpoena, you will be left holding the memory of your pleasant phone call, without a remedy. Second, if you think you are going to win the case, you may want to preserve your right to costs. If you agree to reimburse the witness for travel expenses in your pleasant phone call, the costs

are probably not recoverable; but if those expenses are tendered with a subpoena, they can be included in your bill of costs. And you may even be able to recover costs beyond the 100 mile limit (no matter how measured). See, *Smith v. Board of School Commissioners of Mobile County*, 119 F.R.D. 440 (S.D. Ala. 1988); but see, *Oetiker v. Jurid Werke, GmbH*, 104 F.R.D. 389 (D.D.C. 1982).

The service of third party subpoenas is a nut and bolts issue, but great machines are held together with nuts and bolts. If you want to get a non-party to come to your party, you had better measure your invitation carefully.

# DISCOVERY

## Supplementing Responses

By Jerold S. Solovy  
and Robert L. Byman



Most trial lawyers view the relationship between discovery and trial pretty much like the parallel between a twelve-hour plane ride and a vacation in Tahiti. The ride is necessary, but it is not the fun part. Answering interrogatories, reviewing and indexing and producing documents, responding to requests for admissions — these things are necessary, they are important, but they are rarely fun. So we perform these tasks competently but grudgingly, working toward the day when the tedious work is done and we can get on to the good stuff. We breathe an understandable sigh of relief when we reach the discovery cutoff date and we have served the last answers to those invasive, intricate interrogatories; we open that rare bottle we saved for a special occasion to celebrate the end of the process of assembling, number stamping, indexing, and producing rooms full of documents. Now we can forget about those unpleasant tasks and move on to the trial, the fun stuff.

### ***Discovery Does Not End With The Discovery Cutoff***

Sorry, but it doesn't work that way. This is no vacation in Tahiti. Your discovery obligations do not end with the discovery cutoff. Those obligations never end because F.R.Civ.P. 26(e) requires that parties continue to supplement discovery responses "seasonably." And if you take those obligations

lightly, you may find your fun ruined in a season of pain.

Prior to 1970, there was no specific requirement to supplement any discovery response. You produced documents or answered interrogatories when due; and if things changed at a later date, so be it. Your ride was over, it was time for fun. But in 1970, F.R.Civ.P. 26(e) was amended to impose a duty to supplement, albeit a duty that was carefully circumscribed, essentially limited to require additional disclosure only when potential new witnesses were identified or when a party became aware that a previous response was either incorrect when made or correct when made but no longer true under circumstances such that a failure to amend would constitute a knowing concealment.

The 1993 amendments removed all vestiges or circumspection. The duty to supplement now requires that you not simply correct errors; rather you must supplement the previous production even if it was merely "incomplete."

You are defending the Ace Widget Company in a patent infringement action against Monolithic Widgets Inc. Monolithic, which claims damages in the amount of Ace's profits on the allegedly infringing Ace Widget, serves a discovery request calling for "All documents which describe sales of Ace Widgets in the Continental United States." Thirty days later, you produce all documents from the beginning of

time through the date of your production which describe Ace's sales. But 60 days later, Ace realizes that the documents its computer generated for the Northwestern sales territory were misstated by a factor of ten due to the highly publicized MYDOG8IT Computer Bug. And, of course, Ace continues to sell widgets as the case grows cobwebs on the court's docket waiting for trial; by the time the final pretrial conference finally occurs a year after the discovery cutoff, Ace's sales have more than doubled from the amounts shown in your document production.

If you had received Monolithic's discovery request in 1969, your discovery obligations would have ended with your production 30 days later. Monolithic might have been smart enough to serve a supplemental request, but you and Ace would have had no duty to supplement on your own. If you had received that same discovery request in 1989, you would have been obligated to supplement your response to correct the misinformation generated by the computer bug. Even though the initial production was made in good faith and was considered accurate, your subsequent knowledge that it was incorrect would create an obligation to supplement. But since you received the request in 1999, your obligation to supplement is far more expansive. The continued generation of sales data has made the prior production

incomplete, and you have a duty to supplement the responses.

Except for expert materials, Rule 26(e) offers scant guidance on when the supplementation must be made. Under 26(e)(1), all supplements relating to experts must be made by the time required under Rule 26(a)(3) for expert disclosures — generally, at least thirty days prior to trial. But supplements of other materials required as Rule 26 initial mandatory disclosures must be made "at appropriate intervals" and supplements to prior interrogatory answers, requests for production, and requests for admission must simply be made "seasonably." Seasonably? Appropriate intervals? What does that mean? The dictionary defines "seasonable" as "occurring or performing at the proper time." Thanks a lot. The Advisory Committee Notes to the 1993 Amendments make it clear that supplementations need not be made as each new item of information is learned, but that is the end of the guidance. The Advisory Committee further suggests that it might be appropriate to include in the Court's scheduling order specific periods or deadlines for supplementation. But in the absence of any such assurance, you are left to decide on your own whether to make a single supplementation just prior to trial, periodic supplementations, or whatever.

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### **Failure To Supplement May Lead To Exclusion**

But supplement you must. The failure to do so can result in exclusion of evidence — even with case dispositive results. In *Cummins v. Lyle Industries*, 93 F.3d 362, 371 (7th Cir. 1996), the plaintiff's expert sought to support his trial opinions with information he had learned after expert discovery was concluded. There was no dispute that the information was new and could not have been disclosed earlier. But because there was no supplemental response made under Rule 26(e), the expert testimony was excluded.

We, of course, do not do this. Neither do you. But we all know lawyers who believe that the federal rules give them safe harbor to play games in discovery. It is perfectly permissible, these bottom feeders of our profession think, to give evasive or incomplete answers to discovery because their adversaries must, in most jurisdictions, have a meet and confer to discuss the inadequacies before the Court will ever learn about them; and a motion to compel under Rule 37 is a precursor to any sanctions. These lawyers, therefore, reason that they can try evasion first and full disclosure later if and only if their opponent takes the trouble of convening a meet and confer and later bringing a Rule 37 motion. But Rule 26(e) provides no safe harbor for such conduct.

### **Rule 26(e) Sanctions Can Be Entered Without Any Predicate Motion To Compel**

Even prior to the adoption of the 1993 Amendments, the courts uniformly held that a Rule 37 motion is not a necessary predicate to the entry of sanctions under Rule 26(e). "When Rule 26(e) is flouted, district courts possess the power to impose sanctions without first issuing a firm discovery deadline or an admonitory order." *Thibeault v. Square D Company*, 960 F.2d 239, 245 (1st Cir. 1992); see also *Allread v. City of Grenada*, 988 F.2d 1425, 1435 (5th Cir. 1993). In *Thibeault*, the plaintiff's expert testimony was excluded because answers to

interrogatories were not timely supplemented. The defendants had served interrogatories asking for the identity of experts and their opinions; the plaintiff responded that no experts had yet been retained. When plaintiff sought to supplement the day before the final pretrial conference, the court held that it was too late and barred the expert testimony. The exclusion no mere speedbump on the plaintiff's road to recovery. Without the expert testimony, the plaintiff was forced to concede that it could not prove a case and that summary disposition would be appropriate. Too bad.

And while there are undercurrents in the recitation of facts in *Thibeault* that suggest why the court might have been so harsh (the court noted, with respect to counsel's last minute designation of experts that "this is not the first time with your office that this maneuver has been foisted upon the court"), a party's good or bad faith in making supplementations is not the issue. The First Circuit held that the court's exercise of discretion to exclude the testimony required no finding of bad faith: "The impetus behind a court's deployment of sanctions is not merely to punish a party for untoward acts or omissions; it is, equally, to deter other litigants from disregarding the imperatives of the Civil Rules." *Thibeault*, 960 F.2d at 245.

### **The Presumption Is To Exclude Evidence When Supplementation Has Not Been Made**

To be sure, other Courts have shown more mercy. See *Farmland Industries, Inc. v. Morrison-Quirk Grain Corp.*, 54 F.3d 478, 482 (8th Cir. 1995) (where adverse party not surprised, because additional information was disclosed at deposition, no sanction was imposed for failure to supplement); *Poulin v. Greer*, 18 F.3d 979, 984 (1st Cir. 1994) (not an abuse of discretion not to exclude testimony). But you should remember well that the 1993 Amendments have tilted the presumption. At the same time that 26(e) was broadened, Rule 37 was broadened to make it clear that the presumption is to exclude any

evidence which is not the subject of a timely supplementation: "A party that without substantial justification fails to disclose information required by . . . 26(e)(1) shall not, unless such failure is harmless, be permitted to use as evidence . . . any witness or information not so disclosed."

While Amended Rule 37 gives the trial court discretion to determine whether the error is harmless or whether there is substantial justification for a failure to supplement, the fact that the bias runs to exclusion was well illustrated in *Klonoski v. Mahlab*, 156 F.3d 255 (1st Cir. 1998). Klonoski had filed a wrongful death and malpractice action against his deceased wife's doctors. At trial, after Klonoski had testified about his loving relationship with his wife, he was ambushed on cross-examination with letters his wife had written prior to her death to family members describing substantial difficulties with the marriage. The letters, which were acquired by the defense after the discovery cut-off, were not disclosed in any Rule 26(e) supplementation. The district court found that the failure to supplement was substantially justified because the letters were not used for any reason other than impeachment. But the Court of Appeals reversed, finding that the letters were substantive, should have been disclosed in a supplement, and were not harmless.

### **When You Receive Incomplete Discovery Responses, You Have A Strategic Choice**

Do you think the purpose of discovery is to discover, to unearth every possible fact about your opponent's case? If you do, think again. Discovery is simply the mode of travel to get to your destination, the trial. So you get an answer to an interrogatory that is shamelessly incomplete. What do you do? The only thing to do is move to compel, you say? No, you have choices. Remember what Yogi Berra said: "When you come to a fork in the road, take it." Move to compel under Rule 37 now and get the complete answer; or let the incomplete answer stand,

and when your opponent fails to seasonably supplement, move to exclude under Rule 26(e). What helps your case more? Having all the details now, or holding your opponent to the incomplete and unforthcoming snippet she has given?

And on the other side, before you submit to your inner devil and provide evasive or limited answers to discovery, consider the consequences. Rule 26(e) means that discovery is never over, no matter what the scheduling order says about discovery cut-offs. You run a substantial and real risk of having key evidence excluded if you do not answer completely, and if you do not periodically sweep your client for new materials which have been generated or have come to light after initial production. You will arrive well prepared for the fun part — the trial — only if you heed that the path to good trial preparation must include a careful review and supplement of discovery responses.

# DISCOVERY

## Fight The Compulsion To Compel

By Jerold S. Solovy  
and Robert L. Byman



Too often, we take discovery for the same reason that George Mallory tried (and died trying) to climb Mt. Everest — simply “because it is there.” We churn out our form document requests, the ones with the 13 pages of definitions, that literally require production of every scrap of paper ever possessed by our party opponent, except perhaps those used exclusively for personal hygiene. We create intricate interrogatories which skillfully appear to stay under our District’s local rule limiting the number of questions and subparts but which require disclosure of every fact ever known to the opponent. And when, inevitably, our opponents try to avoid or evade, we move to compel to get full responses. But wait. Why do we do that?

### *You May Not Want To Compel Answers To Incomplete Responses*

There are only three reasons to take discovery, and only two of those are legitimate. First, we take discovery, of course, to discover, to find the facts that we need to win our case. Second, even when we know enough to win the case, we take discovery to box out our adversary, to make sure we are not surprised at trial. And third, although we know in our heart of hearts that we shouldn’t, we sometimes take discovery to annoy, harass, and drive our adversary to the settlement table if not the madhouse. Before you

reach for that motion to compel in response to a non-responsive response, you need to focus on your objective. What is the goal? Do you want to harass and annoy? If so, forget about discovery. In fact, forget about the law as a profession; get into telemarketing. Do you want to discover facts? Or do you want to box out? Or a little of both? The answers to these strategic questions will have an enormous impact on whether you should move to compel.

You represent Nippon Chips, whose patented microprocessor technology is being infringed by chips manufactured by Sino Chips Co. and marketed under the trade name “Septium IV.” To prove Nippon’s damages, you need to know how many Septium IV chips have been sold by Sino in the United States. So you serve an interrogatory that asks “State the number of Septium IV chips sold in the United States.” You serve a document request that calls for “all documents which reflect sales of Septium IV chips in or to the United States.” You serve a 30(b)(6) notice for a deponent who can testify on behalf of Sino as to “the number of Septium IV chips sold in the United States.”

Sino meets your discovery requests with evasion and artifice. In response to your perfectly clear and limited interrogatory, you receive an obfuscation: “Sino objects to this interrogatory as being overly broad and unduly burdensome. In addition, Sino objects because the request is

vague and unintelligible. Without waiving its objections, Sino will provide documents pursuant to F. R. Civ. P. 33(d) from which the answer to this interrogatory may be found.” But in response to your focused document request, Sino makes a data dump of Chinese language documents which, after expensive translation, appear to show total worldwide sales of microprocessors without any breakdown as to U.S. sales or specific sales for Septium IV. The 30(b)(6) witness knows his own name but little else; his favorite answer is “I don’t know.”

You are totally frustrated. You have made simple, straightforward requests, and you have been given a complete runaround. You are livid. You can’t wait to bring a motion to compel, to let the Magistrate Judge know that Sino and its counsel have abused the discovery process and to get an order directing complete answers. But wait. Before you mount your high horse and begin drafting that motion, put your indignation aside and think the problem through. What do you really want? Do you really need the sales information you sought in discovery or might the failure of Sino to provide facts work to your advantage?

If truth be known, you do not really need Sino’s own figures about U.S. sales to prove your damage case. Indeed, you are better off without the actual numbers, because any self-respecting economist, unburdened

by facts, can put together a plausible estimate of sales. And your expert can assume that the reason Sino did not provide the facts within its control is that the facts do not help Sino’s position — so the expert is justified in making assumptions which maximize the damage calculation. You should look at Sino’s evasion not as an insult, but as an opportunity to prevent it from offering evidence to rebut your expert’s rosy extrapolations.

### *There Is No Safe Harbor For Evasion*

Abusive litigators rely upon the motion to compel process as a safe harbor. Since most district courts have a local rule that makes a conference a prerequisite to a discovery dispute motion, these charlatans feel emboldened to impose outrageous objections or withhold discovery, assuming that they can always be more forthcoming later if and when they are actually called on their obstreperous conduct. And even after the conference, they reckon they can take their chances with the court, with little downside risk. True, the court can assess the costs of the motion to compel on the losing party, but the genuinely harmful sanctions provided by Rule 37(b)(2) can only be imposed for failure to obey an order entered as a result of the motion. So, if you get a document request you don’t want to comply with, object or ignore it; maybe it will go away.

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If it doesn't, attend the conference and press your objections; maybe your opponent will give up. If he doesn't, and files a motion to compel, try to convince the judge that the discovery is irrelevant or burdensome or whatever; maybe you can snow her. If you can't, and she enters an order, you can at long last comply without fear of sanction. What do you have to lose by trying evasion first, full disclosure only as a matter of last resort?

A lot. Rule 37 needs to be read carefully by any litigator who thinks evasion can be profitable. Under Rule 37(a)(3), an evasive or incomplete disclosure, answer or response is the same as a failure to disclose, answer or respond. And a failure to respond can have consequences whether or not the failure is addressed by a motion to compel.

#### ***Failure To Make Full Disclosure Can Lead To Exclusion***

Under Rule 37(c)(1), a party that fails to disclose information required by Rule 26(a) or 26(e)(1) (mandatory initial disclosures) **shall not** be permitted to use as evidence at trial any information not so disclosed. If the Sino sales data is within the mandatory disclosures and Sino doesn't provide it, it will be barred from using the data at trial to refute your expert's calculations. And even if the data does not fall within the mandatory disclosures and, therefore, mandatory exclusion for nonproduction, the court has the discretion to exclude any evidence not produced in discovery — without any prior motion to compel. A district court is not required "to fire a warning shot." *Hal Commodity Cycles Management Co. v. Kirsh*, 825 F.2d 1136, 1139 (7th Cir. 1987); *Parker v. Freightliner Corp.*, 940 F.2d 1019, 1025 (7th Cir. 1991).

In *Soderbeck v. Burnett County*, 821 F.2d 446 (7th Cir. 1987), the County served an interrogatory on Soderbeck requesting a description of the substance of testimony which would be provided by trial witnesses. Soderbeck identified one Eugene Boyd, stating that he would testify as to certain

peripheral matters of minor significance to the case. But when Boyd attempted to testify at the trial on more substantive matters, the trial court excluded his testimony. The Court of Appeals affirmed, reasoning that "Under Rule 37, if a party fails to serve proper answers to another party's interrogatories, the Court may prohibit that party from introducing into evidence matters that were requested but not disclosed." Similarly, in *Carroll v. Acme Cleveland Corp.*, 955 F.2d 1107 (7th Cir. 1992), the district court found that Acme had not properly complied with document requests and entered a motion in limine barring the introduction by Acme of any documents which were responsive to the requests. The Court of Appeals affirmed, holding that district courts have broad discretion to exclude evidence where discovery has been incomplete.

Most significantly, it is not necessary to give your recalcitrant adversary a second chance to be forthcoming before you spring the trap. In *Blake v. Juskevich*, 1992 U.S. App. LEXIS 6662 (4th Cir. 1992), a medical malpractice action, Juskevich served standard interrogatories seeking the identity, subject matter, substance, and bases of Blake's expert opinions. Blake identified a medical expert and answered most of the interrogatory, except the portion which called for the grounds of the doctor's opinions. Juskevich could have moved to compel further answers, of course, but he did not. Instead, he stood pat with the incomplete answer and, at trial, moved to bar Blake's doctor from testifying as to any grounds. We were not there, but we can picture the stunning lack of impact Blake's expert testimony must have had without the ability to offer any basis for his opinions:

Counsel: Dr. Rosenzweig, do you have an opinion as to whether Dr. Juskevich acted in accordance with the standard of care for obstetricians in the Roanoke, Virginia area?  
Doctor: Yes I do. He did not.

Counsel: Thank you, Dr. Rosenzweig. Gosh, I'd love to ask you why you think that, but I am not allowed to.

Unfortunately, Juskevich's counsel winded up robbing himself of his own strategic coup by going too far in closing argument. Counsel could have scored huge points by simply pointing out that Blake's expert had failed to offer any explanation for his opinion and that there had been no testimony that Dr. Rosenzweig had read the medical charts; instead, counsel argued (contrary to fact) that Dr. Rosenzweig had not read the charts. The Court of Appeals reversed for the simple reason that both parties had to be bound by the exclusion order. But if counsel had shown the same restraint in closing as he had in discovery, his tactic would have won the day. He had asked a fair question in discovery. His opponent had failed to respond. He had a choice between moving to compel, getting an answer, and dealing with the answer at trial; or, he could accept the answer and turn the evasion into an advantage by restricting the expert to the meager and unconvincing information that had been disclosed.

Clearly, you will have a better shot at excluding testimony or evidence where there has been a pattern of discovery abuse, or clear defiance of an order entered after a motion to compel. *See, e.g., Osborne v. Klepper*, 1992 U.S. App. LEXIS 28797 (6th Cir. 1992); *Baskerville v. Culligan International Co.*, 1994 U.S. Dist. LEXIS 5296 (N.D. Ill. 1994). Likewise, the exclusion is more likely to be upheld on appeal if it is a sanction appropriate to the offense and if it is not case dispositive. *See, e.g., Bonds v. District of Columbia*, 93 F.3d 801 (D.C. Cir. 1996), where the Court of Appeals reversed an order barring all of a party's witnesses as a result of its evasive responses to discovery. The Court did not find that the exclusion of witnesses is not a proper remedy for such evasion. But this particular exclusion was reversed because it excluded *all* witnesses and was thus case dispositive, despite the

fact that the plaintiff had requested the less severe (and therefore automatically more appropriate) sanction of exclusion of undeposed witnesses.

#### ***Know Your Objective And You Just Might Reach It***

So you get evasive answers to your document requests and interrogatories. What do you do? Remember — if you don't know where you are going you will be lost when you get there. Where were you going with those discovery requests? Did you serve them to annoy and harass? If so, you should not have done that, and you got exactly what you deserved when you got an evasive answer. Move on. Did you really need to discover something? Then you need to pursue it. Schedule a conference, and file a motion to compel if you do not get a complete response. But were you trying to make sure that you are not surprised at trial? Were you trying to box out your opponent? Then let the evasion stand; your work here is done.

# DISCOVERY

## Legal Limits on Interrogatories

By Jerold S. Solovy  
and Robert L. Byman



With a rod and reel, you can catch all the rainbow trout you like, so long as they are over six inches and you do not catch more than two per day. When you fish with interrogatories, your limits are sometimes a little more difficult to define.

There is perhaps no more potentially useful tool in the litigation tackle box than the interrogatory. Ask a simple question and get a simple, direct answer. Need to quantify the number of widgets sold by the defendant to prepare the defense to its damage case? Then simply ask: "State the number of widgets sold by defendant from 1995 through the present." That ought to draw an answer with a number, a number on which you can rely. But we lawyers have been too clever for our own good. If the simple is good, the complex must be better, we boneheadedly reasoned. And by becoming complex, we have turned the interrogatory into a form of unsportsmanlike, illegal lure whose use has been all but emasculated by convention and practice. Our abuses cried out for limits and now we must live with them.

When the use of interrogatories was originally adopted in 1938, F. R. Civ. P. 33, the grantors, like the gods who considered sharing the gift of fire with man, were leery. They decided to impose limits, providing that no party could, without leave of court, serve more than one set of

interrogatories to be answered by another party. The courts determined that interrogatories should be relatively few in number and limited to the important facts of the case. *See, e.g., Coca-Cola Co. v. Dixi-Cola Labs, Inc.*, 30 F. Supp. 275 (D. Md. 1939); *c.f. J. Schoeneman, Inc. v. Brauer*, 1 F.R.D. 292 (D. Mo. 1940).

### *We Brought Upon Ourselves Limits On The Number Of Interrogatories*

Our forbearers in profession did not abuse the limited gift they were given, and when the 1946 amendments were introduced, limitations on the number of sets or questions were rejected. Instead, the rule simply contemplated that the parties would be reasonable: "The number of interrogatories or sets of interrogatories to be served is not limited except as justice requires . . ." The sweeping changes made to the Federal Rules in 1970 did not change the notion that parties could serve as many interrogatories as the case justified.

But by then our profession had become greedy. With the forerunner of the word processor — the mag card machine — we were able to keep templates of burdensome definitions and intricate lists of detailed questions that could be easily adapted as each new case arose. The definitions in our interrogatories went on page after mind-numbing page, and constituted a set of

questions all by themselves. Our interrogatory might still simply say "State the number of widgets sold by defendant from 1995 through present," but, read with our insidious definitions, far more was required to answer. The definitions said "With respect to each answer, identify each and every document upon which you base the answer." And we defined "identify" to mean "State the date of the document, the title of the document, the general subject matter of the document, and, with respect to each author, recipient or person who received or reviewed a copy of the document, identify that person." And, of course, the word "identify," when used for a person, meant . . . Well, you get the idea. We began to use interrogatories, not as they were intended as tools for discovery, but rather as weapons of litigation terrorism. In response to a growing sense that we lawyers were abusing the interrogatory process, many district courts adopted local rules placing specific limitations on the permissible number of interrogatories.

### *Local Limits May Not Have Been Proper But They Are Here To Stay*

Interestingly, these local rules were probably beyond the power of the courts. F. R. Civ. P. 83, which provides the authority to adopt local rules, authorizes only such local rules that are "not inconsistent" with the Federal

Rules themselves. The imposition of a limit, where the Federal Rule and its legislative history clearly showed that there was to be no limit, could hardly be consistent. So far as we know, no one ever had the temerity to challenge a local rule, but with the 1993 amendments, there was no longer any question about whether limits were appropriate. Just as the gods had feared, lawyers could not be trusted not to abuse the interrogatory without the imposition of strict limits. So, as amended in 1993, F. R. Civ. P. 33 now limits written interrogatories to "25 in number including all discrete subparts." But that language, and the fact that the local district courts remain free to adopt their own numerical limits, falls something short of perfect guidance. Consider the following interrogatories:

INTERROGATORY NO. 1:  
With respect to the train which plaintiff alleges caused the accident which is the subject of suit, state:

- (a) The full name, number, or other designation of the train;
- (b) The manufacturer of the train's engines;
- (c) The number of cars in the train; and
- (d) The weight and contents of each car, including the engines, of the train.

INTERROGATORY NO. 2:  
Identify all qualifications imposed for the hiring of train conductors, and identify each document in

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which those qualifications are articulated.

INTERROGATORY NO. 3: With respect to each of the requests for admission previously served upon you to which you did not give an unequivocal admission, describe in detail all facts upon which you rely in refusing to make such admission.

How many interrogatories do we have here? (a) 3? (b) 6? (c) Who knows? Easy, you say. There are three interrogatories, numbered 1, 2 and 3. The answer is (a), 3. But wait. This is a trick question, you think. Interrogatory No. 1 has four subparts, so it must be counted as four. The answer is therefore (b), 6. Sorry, this really is a trick question; the answer is (c), "Who knows" — because the answer will vary from district to district and from judge to judge.

In the District of Nevada, two different Magistrates came to two different conclusions about the same local rule limiting interrogatories to "forty including subparts." One found that the local rule "requires that every propounded subpart of an interrogatory be counted, even when a subpart relates to the main interrogatory." *Valdez v. Ford Motor Co.*, 134 F.R.D. 296 (D. Nev. 1991). The other held that "interrogatory subparts are to be counted as part of but one interrogatory . . . if they are logically or factually subsumed within and necessarily related to the primary question." *Ginn v. Gemini, Inc.*, 137 F.R.D. 320 (D. Nev. 1991).

In *Clark v. Burlington Northern R.R.*, 112 F.R.D. 117 (N.D. Miss. 1986), the Magistrate Judge considered Interrogatory No. 1 above. The Magistrate found that, even with its four subparagraphs, it was a single interrogatory for purposes of interrogatory limits, because all of the subparts directly flowed from and were part of the same subject matter. In essence the interrogatory asks "Describe the train." By using subparts, the question is actually more narrow, since "Describe the train" requires far more detail than the four specific questions actually posed.

Some courts have found that separately numbered questions are

counted by the numbers, so Interrogatory No. 2 and No. 3 each ought to be counted as a single interrogatory for computing limits. *See, Myers v. U.S. Paint Co.*, 116 F.R.D. 165 (D. Mass 1987). But other courts would hold that Interrogatory No. 2 is actually two questions, even though framed in a single sentence with no subparagraphs. The first part, "describe the qualifications" can be answered fully and completely and is totally independent of the second part, "identify the documents that articulate the qualifications," which is actually a separate document request. *See, e.g. Kendall v. GES Exposition Servs., Inc.*, 174 F.R.D. 684 (D. Nev. 1997). Any question with an "and" (or its punctuational equivalent, a comma or semicolon) may be more than a single question.

Interrogatory No. 3, requesting facts that led to refusals to admit, contains no conjunctive language, and clearly is written as a single question. But it is not, because it requests information on multiple, and diverse independent factual issues. Interrogatory No. 3 is as many separate questions as there are refused requests to admit. *See Safeco of America v. Rawstrom*, 181 F.R.D. 441 (C.D. Cal. 1988).

#### **What Exactly Is A Subpart?**

We have a problem with the English language. Is a "subpart" something numbered or lettered as such? Or is it something that has a different subject matter than some other part of the same numbered or lettered part? Some courts have focused on the modifier "discrete" before "subpart" as providing clarity, but in truth it does not. Is a discrete subpart one that has a separate number or one that conveys a separate idea? And if the test is whether a singly numbered question is really two questions because it requests two unrelated responses, where do we draw *that* line? Every interrogatory flows from the facts of the lawsuit, so every question must be related at some level.

The better, and clear majority view seems to be that the lines must be drawn on substantive, not

numbering or lettering grounds. You should expect that a court interpreting the count to twenty-five in F. R. Civ. P. 33 will look at the number of discrete substantive issues, not on a physical count of numbers, letters, and other subparts. It should not matter whether the questions are separately numbered or not; the issue is to count the discrete subparts, no matter how numbered. *See Safeco, supra*.

But you can't be sure. And here is a further rub: many district courts, in exercising their prerogative to modify the limits set by F. R. Civ. P. 33, have not adopted the "discrete" language found in F. R. Civ. P. 33. Where a local district court says "no more than 25, including subparts" without any adjective to modify "subparts," it is not unreasonable for courts to find that mere numbering *does* matter. *See, Myers, supra*.

#### **What Do You Do With Excessive Interrogatories?**

Okay, so your opponent has filed a set of interrogatories with fifty separate, factually and substantively distinct questions. Under any interpretation these interrogatories are grossly in excess of the limit. Do you simply ignore the interrogatories, knowing that any motion to compel will fail? Do you file an objection stating that the interrogatories exceed the rule? Do you file a response that objects to the excess number but then go ahead and answer all of the interrogatories? Or do you pick 25 interrogatories, answer those, and object to the rest?

Yes. All of the above. But your choice may have very different results. Since the filing of interrogatories in excess of the limit is not permitted, it is unlikely that any court would grant a motion to compel, whether or not you go to the bother of formal objections. We don't recommend it, but you can probably just ignore the interrogatories altogether or file a simple objection without fear of consequence. *See, e.g., Aetna Cas. & Sur. Co. v. W.W. Granger, Inc.*, 170 F.R.D. 454 (E.D. Wisc. 1997). But while your opponent

may be frustrated in that event, she will not be barred from trying again. She will not have used up a single one of her limited number of interrogatories, because the filing of the excessive number will be deemed a nullity. She can start over again, do it right this time, and you will have to answer. Consider instead answering the first 25 interrogatories and objecting to the rest. (Instead of the *first* 25, you might pick the 25 you like, but that seems too cute.) By answering up to the limit, you have a fair chance of convincing the court that your opponent has used up her limit, so you should not be required to respond to further interrogatories. *See, e.g., Prochaska & Assocs. v. Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 155 F.R.D. 189 (D. Neb. 1993).

In *Safeco, supra*, the propounding party which had exceeded the limits realized its mistake during the motion to compel process and suggested that it should be allowed to narrow the scope and number of its questions. The court was unimpressed. "Defendants' counsel should have considered these practical problems before serving such broad discovery requests, rather than waiting until the inevitable objections were received before trying to salvage the requests by limiting them to what is really needed." *Id.* at 448.

You might want to consider going back to basics — use interrogatories for those simple, elegant questions for which they were really intended. If so, you probably will never need to worry about limits. But in any event, be careful to count your interrogatories. And if your opponent is not so careful, object, but answer up to the limit. At the neighborhood bar, you know your limit; at the fishing hole, you know your limit. Be sure that you know your limit when you set out to fish before the bar.

# DISCOVERY

## What's Wrong With Coaching?

By Jerold S. Solovy  
and Robert L. Byman



You coach soccer? Great. You coach voice? *Bravissimo*. You coach witnesses? Uh-oh. "Coach," a term of respect elsewhere, has become a dirty word in the context of witness preparation. But it should not be, and it is time to set the record straight. Witnesses *should* be coached, so long as they are not coached to play dirty.

Coaches coach, players play. A sports coach conditions, trains, teaches and prepares. And then her job is done. If you have coached soccer you know that though you yell and scream during the game, the players cannot hear you once the game starts and in truth you have become just a fan with a great place to stand. When play begins, when the deposition begins, legitimate coaching is over. We would yell foul if a soccer coach ran out onto the field during play and kicked the ball; we disdain lawyers who try to coach during play with speaking objections. See *Hall v. Clifton Precision*, 150 F.R.D. 525 (E.D. Pa. 1993). And because we think of coaching during depositions with revulsion, we are misled into thinking that all witness coaching is improper; the scholarly articles tell us that all coaching is bad. See, e.g., Salmi, *Don't Walk the Line: Ethical Considerations In Preparing Witnesses for Deposition and Trial*, 18 Rev. Litig. 135 (1999); Wydick, *The Ethics of Witness Coaching*, 17 Cardozo L. Rev. 1 (1995).

### *We Have A Duty To Prepare Witnesses*

Bosh. Lawyers have a right, indeed a duty, to prepare witnesses. *O'Dono v. Croda International PLC*, 170 F.R.D. 66, 69 (D. D.C. 1997). Authors who condemn all forms of coaching would emasculate our profession and our duty to zealously represent our clients. Not all coaching is bad. Justice Holmes pointed out in *Superior Oil Company v. Mississippi*, 280 U.S. 390 (1930), that "The very meaning of a line in the law is that you intentionally may go as close to it as you can . . ." People who write about ethics feel they must take a position well above any possible gray area. But litigators who actually try cases must live and work in the gray area, and advocates who hope to win close cases must be willing to go close to the line.

Professor Wydick asks "If a trial is supposed to be a search for the truth, why then are lawyers allowed to interview and prepare witnesses?" Professor Wydick argues that ethical preparation must carefully avoid both intentional and unintentional coaching affecting the "truth." But "truth" is a false premise. It might be desirable that a trial be a search for the truth, but it is not. Our system requires that litigants be given due process, that trials be conducted in accordance with established rules, and that no one break the rules. One of the rules is that an attorney may not offer

evidence she knows to be false. But there is nothing in the rules that says anything about seeking out the truth. If your client has admitted to you that he did in fact knock over the liquor store, you cannot let him get on the witness stand and deny it. But you can put the State to its proof, you can cross-examine the State's witnesses, and you can suggest to the jury that the State has failed to prove its case. When your client is acquitted it will not be because the truth was found, but because Justice (with a definite capital "J") has been done.

What is truth? Nine observers to the same event will have nine different recollections. Are eight of them lying? No, usually they simply have honestly different recollections and perceptions. Your obligation — without knowing any truth except what is related to you by the witnesses — is to make sure that the witness provides testimony the witness believes to be the truth; the jury will sort it out from there. And you have the right, and the obligation, to help the witness express his own perception of the truth effectively.

### *Consider The Possibilities*

How may you ethically coach a witness in preparation for deposition testimony? Consider the possible continuum — ranging from positively stupid to undoubtedly unethical:

Don't tell me what you know; surprise me at your deposition.

Tell me what you know. That's all? Let me show you a couple of documents and see if they refresh your recollection.

Tell me what you know. Gosh, are you sure? Your boss recalls it this way: . . .

That's what you know? Here's how you should dress and act to make that testimony sound more believable. . .

That's what you know? Let me suggest a few words that may make the point better. . .

Don't speculate. Don't say you know something unless you know it from personal knowledge rather than hearsay; listen to the question and answer carefully.

Before you tell me anything, let me tell you what your boss has already said. Do you remember it the same way, or do you have a different recollection (and other job prospects)?

Before you tell me anything, let me tell you that if you tell me that you plan to lie, I can't let you give that testimony. Now, what do you know?

Before you tell me what you know, let me tell you what facts we have to prove in this case to win. Now, what do you know?

I don't give a rat's patootie about what you actually know. Here's what you have to say, and I expect you to say it. Okay?

From his article, we assume Professor Wydick would draw the ethical line after number 3;

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anything else could overly, covertly, or subliminally affect the truth. But most good litigators would draw the line lower. We personally would draw it after number 8, but a case could be made that even 9 is within the bounds of ethics and the license of advocacy.

If you tell a witness what his boss said *before* you ask for his story, have you influenced that story? Probably. But have you influenced it *improperly*? The way you ask the witness to recall the facts may have an impact on what she recalls. But you haven't asked the witness to lie; you have simply conveyed facts to help the witness recall the events. If your goal is merely to pick up the truth laying on unrefreshed ground, you should avoid anything that might suggest or lead an answer. But that is not your goal. Your goal is to prepare your witness to do his best.

Numbers 7 and 8 are what is called "The Lecture." The lawyer tells the witness what the law is and what the facts must be to fit within the law to reach the desired result. Armed with that knowledge, the commentators fear, the witness will bend the truth to reach the desired goal. Is it ethical to give the Lecture? Typical ethical rules provide that a lawyer shall not "offer evidence that the lawyer knows to be false." *See, e.g., Illinois Rules of Professional Conduct, Rule 3.3.* Do we "know" that the witness will necessarily react to the Lecture by distorting the truth? Of course not. Do we hope that the witness will use that information to put truthful testimony in the most favorable cant? Of course we do. Is that unethical? No, it is coaching.

### ***Legitimate Coaching Leads To Admissible Testimony***

For example. We know that uncoached witnesses will describe conversations like "We got together and decided that we should not do anything that someone might think was an agreement to fix prices." That testimony would be truthful and helpful, but probably inadmissible, because it states an impression rather than a fact. So we Lecture: "Let me explain court procedure.

The Court may not let you testify about conversations unless you do it as a recollection of what the participants actually said. No one expects you to remember verbatim but you have to express it as 'I said X, and Smith said Y.' So I will ask 'What did you say to Smith and what did he say to you?' Now, what did you say to Smith and what did he say to you?"

Do you give the Lecture before or after you ask for recollection? After may be too late; passive preparation may leave you without a witness. Where do you go if the witness responds "I don't have the slightest idea what was said by any of the participants. I just remember my overall impression at the end of the meeting."? Now if you try to rehabilitate that answer into admissible testimony, you *know* you have influenced the "truth."

Truth is in concepts, not words. The English language affords glorious variety to express an idea, and a good coach should bring out the best possible performance in her players. Suppose you represent the plaintiff in an accident case. Without prodding, without leading, without suggestion, she relates "I was driving through the intersection when Smith's car hit me from the side." There you have it, the truth. Unvarnished. Untainted. Unexciting. Do you accept your client's recitation of the "facts"? Or do you suggest different language: "You say Smith "hit" you. Was it a tap or a smash?" — "Yeah, well yeah, it was more like a smash."

The ethicist squirms. You have put words into the witness' mouth. Perhaps you have, but that doesn't do violence to the adversary system. You have not encouraged a falsehood. The truth is that the plaintiff *was* smashed into; she just didn't have the active vocabulary to express it as elegantly as she might have. On cross examination, your adversary can explore the possible range of language to describe the fact of the collision; he can try to put different words into your witness' mouth. The words may change, but the facts will not.

One commentator asserts that coaching to alter demeanor is

unethical: "advising a witness to speak with confidence may mislead the jury, especially if the witness is not confident about the proffered testimony." Huh? There are tactical reasons why it would be a mistake to try to turn a timid witness into one who feigns confidence. No matter how hard you prepare a witness, you cannot change human nature, and a witness will almost always revert back to self at some point in an examination. But it is hardly unethical to try. You can coach a witness to suppress annoying personal habits. You can tell a witness to drop "I think" as a preface to an answer. And you can counsel a witness to testify in the active voice with a confident demeanor.

### ***You Can Prepare Witnesses To Listen Carefully***

Can you coach witnesses to play games or evade answering questions? Of course not. But you can coach good clean play. In *Christy v. Pennsylvania Turnpike Commission*, 160 F.R.D. 51 (E.D. Pa. 1995), the plaintiff sought — but did not get — an order to bar the preparation of witnesses with instructions not to speculate and not to reveal hearsay information. It is perfectly proper to instruct a witness to listen carefully to the question and answer the question accurately. Johnson has never met Jones or Smith, but was told by Atkins that Smith and Jones met and entered a price fixing conspiracy. You cannot prepare Johnson by instructing him that he is never to divulge the hearsay he learned from Atkins. But Johnson does not need to help the deposing lawyer frame the proper question. You may — you should — tell Johnson that he should listen carefully and answer the question asked. To "To your personal knowledge did Smith and Jones discuss prices?" a fair answer is "No," since Johnson has no personal knowledge. But if asked "Do you have any information about whether or not Jones and Smith ever met to discuss prices?" the answer is "Yes," because Johnson has knowledge, albeit hearsay.

We need to take the pejorative connotation out of "coaching." It is wrong, it is unethical, to coach witnesses to break the rules, to give false testimony. But we owe a duty to our clients to coach witnesses to give their best.

# DISCOVERY

## Witness Coaching: A Good Thing

By Jerold S. Solovy  
and Robert L. Byman



Our last column lamented that witness coaching has been given an undeservedly bad name. We argued that you have an obligation to coach *prior* to deposition. But if you thought we were drawing a distinction that coaching *during* a deposition is the work of the devil, you thought wrong. You should, you must, coach during the deposition as well — so long as you do it within the rules.

We cannot say it often or loudly enough. Coaching in violation of the rules or coaching a witness to violate the rules is not proper and cannot be condoned. Dirty coaching is bad. Good coaching is good. And where the rules permit you to coach your witness, your failure to take advantage of those rules is an abrogation of your duty to zealously represent your client.

This is not about trying to figure out how far you can go over the line without getting caught. The speed limit is 55. But you know you can go 60 without getting into any serious trouble. Is it permissible, then, to advocate that you go 60? No, of course not. Your adversary can get away with a few speaking objections, or an unfounded instruction or two not to answer questions, or even an improper off-the-record conference while a question is pending, for the simple reason that those sins may not be important enough for you to bring a motion. The fact that people can get away with improper conduct does not make the conduct proper, and you should not engage

in it. But that does not mean you cannot still be an effective coach, staying well within the limit.

### *Speaking Objections Are Not Proper*

We all know that speaking objections are improper. Yet they are as common as speeders. Why? Why do lawyers do it? There really are only three arguably rational reasons to make a speaking objection. One, to rattle the other side. “Objection. That’s the dumbest question I ever heard. Did you go to an accredited law school? Does your law firm know that you’re an incompetent idiot?” Two, to impress your client. “Objection. As you would have known if you had taken the time, as I did, to carefully compare the two drafts that your question assumes are identical, you would see that they are indeed different because the second version is in Arial typeface whereas the first is in Arrus.” Three, to suggest an answer. “Objection. As you well know from deposing this witness’ co-workers, the meeting did not, as your question improperly implies, occur in April but rather in March.”

But if those are the reasons, there is no sensible reason to ever make a speaking objection. You want to rattle the other side? Go into professional wrestling, you’re in the wrong profession. We concede that you can get some momentary self-satisfaction from shaking up an opponent (especially

when the other SOB started it); we can even envision the rare case when you can successfully bully an opposing lawyer into taking an incomplete or ineffective deposition. But such gains are rare and ephemeral. You will be called on such conduct someday, and you have no hope of convincing a judge that your conduct is permissible. Don’t do it.

You want to impress your client? Don’t do it with improper objections. Impress her by winning the case, not the moment.

Ah, but you say, the third reason is legitimate. If you don’t make the objection, the witness may say the wrong thing. You can get away with a speaking objection and save the day. So it’s okay, right? No, it’s wrong. But more important, it is unnecessary. The effective coach will find a legitimate way to coach without committing a foul.

### *You Don’t Need Speaking Objections To Be Effective*

Speaking objections are unnecessary if a witness has been properly prepared. Typically, a lawyer feels compelled to make a speaking objection where the witness has already testified to a key matter and the examiner is attempting, through continued picking, to get a different answer. Or the examiner might try to trick the witness into accepting a false premise that is contrary to a previous answer or previous testimony from other witnesses.

For example, the key issue in your case is when senior executives of your client became aware of a critical document. Some deponents have said March; some have said April; some have said they don’t recall. For your purposes, the earlier the better. Earlier in the deposition, your witness has said “I saw the memorandum sometime in the March-April time frame.” Your opponent, sneaky devil that she is, later asks “Let’s return to that memo. When you first saw it in April, what was your reaction?”

You are not a potted plant. You pounce with “Objection! The witness has already told you that he first saw the memo sometime in March or April. Your question is totally misleading by assuming that he actually did not see the memo until April, contrary to his prior testimony. This is a blatant attempt to trick the witness; I caution you to stop these outrageous tactics.”

Not surprisingly, your witness is likely, when he finally answers the question, to recall that he first saw the memo as early as March.

But you have made a speaking objection. And if you are taken to task on it, you will lose; you will be sanctioned. A number of district courts have specific local rules which prohibit any suggestive or speaking objections. *See, e.g., S.D. Ind. LR30.1(d); N.D. Ohio LR30.1(4)*. And we are aware of no court ever confronted with a speaking objection that condoned it.

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But did you need to make a speaking objection? Probably not. First of all, if you had properly prepared your witness, he knows how important this issue is; you don't need to be over-protective of a properly prepared witness. The speaking objection might have made you feel good, but if you had done your job, it was unnecessary. The witness on his own would see the trap in the question and would reaffirm his earlier, correct testimony. And even if you do not have sufficient confidence in your witness or your ability to prepare him, there is still an affirmative step you can take which does not go over the limit.

The catcher does not walk out to the mound before every pitch to tell the pitcher what to throw. They have prearranged signals. There is no reason why you cannot have prearranged signals with your witness to warn of potential traps in a question. Your witness should be told that anytime you say "Objection. Asked and answered" the witness should search her memory to recall what she has already said on the same subject. Your objection should serve as a reminder that the subject matter has already been covered, and the witness should be careful to repeat her prior truthful testimony. "Objection, foundation" should be a warning signal to the witness to carefully listen to the question and make sure that the factual predicate is not misleading. Often, that gentle nudge will remind the witness that the facts are different than stated in the question, and the witness can say so before providing an answer. But where the witness and the lawyer are not in tune, and the witness does not understand why the lawyer thinks there is something wrong with the question, the witness can nevertheless be prepared to save the day by prefacing an answer, after hearing that objection, with a phrase such as "Well, assuming that you have stated the facts correctly, I guess my answer is . . . ."

It is improper for you, before or during a deposition, to suggest an answer to the witness that is not within the witness's knowledge. It would be improper during preparation to tell a witness who

recalls that the light was green to say that the light was red. It would be equally improper, by way of a speaking objection, to suggest to the witness during a deposition that he should say the light was red. And it would be improper to have a prearranged signal that the words "Objection, foundation." should be interpreted as a signal to blurt out "The light was red." The rap on speaking objections is that they suggest an actual answer. But there is nothing improper about an objection that suggests caution.

#### ***Can You Confer With Your Witness? It Depends***

The trouble with signals, of course, is that they are sometimes missed. If the catcher really wants the curve, the safest way to be sure the pitcher knows that is to walk out to him and say so. But catchers and pitchers use signals because, while there is no formal rule about the number of times they can confer on the mound, the umpires would not tolerate too many. The same is true at depositions. And the location of the district court which governs your deposition will make an enormous difference as to whether and to what extent you may confer.

It is always proper to have a conference to explore whether the answer to a question might invade a privilege; if it were not so, the privilege would be lost once the answer was given. But after that basic rule, there is huge variance among the district courts as to when you and your client may confer. In the Southern District of Indiana, for example, an attorney may not initiate a conference while a question is pending (except, of course, to determine whether or not a privilege should be asserted). *S.D. Ind. LR30.1(c)*. By the very specificity of that limitation, it appears there is no prohibition against the client initiating the conference or against conferences when a question is not pending. Other districts draw the line more snugly. In the Southern and Eastern Districts of New York, an attorney cannot initiate a conference at any time during the taking of a deposition, whether or not a question is pending. *S.D.N.Y. LR30.6*. Presumably, then,

conferences initiated by the client are always permitted in New York. But in the Northern District of Ohio, there can be no conference once a question is pending, no matter who initiates it. *N.D. Ohio LR30.1(6)*. And in Alabama, no conference is permitted at any time during the deposition except at normal breaks. *M.D. Ala. Guidelines for the Conduct of Discovery, IIG*. So it is permissible, in Alabama, Indiana, Ohio and New York to talk to your client during breaks. But not in North Carolina. There, the local rule prohibits any conference (other, again, than to ascertain a privilege) at any time while the deposition proceeding is in session. *M.D.N.C. LR26.1*.

A state away in South Carolina, the same absolute prohibition against conferences is imposed. *D.S.C. LR30.04(E)*. But wait. The South Carolina local rule gives attorneys taking depositions the option of providing copies of documents to be shown to witnesses either before the deposition begins or contemporaneously with the showing of each document to the witness. Most lawyers would choose the latter, of course, to deprive their adversaries of the opportunity for a road map into the interrogation. But under *LR30.04(H)*, if the documents are not provided at least two business days in advance, then the witness and the witness' counsel are permitted a reasonable amount of time to confer and discuss the documents before the deponent answers any questions about them.

Many districts have no local rule specifically addressing the subject of conferences. For example, in the Northern District of Illinois, a rule was proposed but never adopted. Individual district judges, therefore, are left to follow their own judgment, on a case-by-case basis.

In some districts, not only are conferences forbidden, but lawyers who engage in conferences may find that they have waived the attorney-client privilege. See *Hall v. Clifton Precision*, 150 F.R.D. 525 (E.D. Pa. 1993). Other courts have questioned whether prohibitions against conferences, at least during breaks and recesses,

may be an unconstitutional infringement on the right to counsel. See *Odone v. Croda Int'l PLC*, 170 F.R.D. 66 (D.D.C. 1997).

#### ***Take Advantage Of The Latitude The Rules Give You To Coach***

From all of this, we tell you what you must already know: The rules differ from jurisdiction to jurisdiction, and courts disagree on what is acceptable — or even constitutional. But your job is to make sure that you know the rules applicable to your deposition and do as much as you can to coach and prepare your witness consonant with those rules. You can make objections designed to help your witness; you can at times confer. You can coach. There is nothing wrong with good coaching. Just do it right, observing the rules. And remember — the better job of coaching you have done in advance of the deposition, the more likely you will be able to sit quietly in the coach's box as you watch your player perform.

# DISCOVERY

## Expert Reports

By Jerold S. Solovy  
and Robert L. Byman



“There are, of course, three types of witnesses: liars, damned liars, and experts.” Gladstone articulated this more than a century ago, but he was certainly not the first to think it and probably not the first to say it. Gladstone uttered not cynicism, but timeless fact. Most witnesses “lie” a little, not because they are liars, but because they are innocently unaware that they have imperfect or impaired memories or because they suffer from unwitting bias. Some damned witnesses lie on purpose, for all sorts of base reasons. If all witnesses spoke the truth, we would have no need for trials. We conduct trials to *find* the truth, precisely because we cannot rely on witnesses to tell it. The witness for the plaintiff says the light was red; the witness for the defendant says the light was green. Of such stuff are trials made.

### *Isn't It Amazing That Experts Never Agree?*

And then there are experts. Lay witnesses can be excused for their imperfect recollections. They are limited by their mere human abilities. They have human biases. But experts ought to be expert. They should be skilled and trained to dispassionately apply the facts to their expertise and arrive at the one and only correct conclusion. A genuine expert should apply her expertise with mathematical precision so that fact plus expertise equal truth. Yet plaintiff's doctor, having thoroughly reviewed the

medical charts, concludes with absolute certainty that the plaintiff suffers from epileptic attacks brought on by the repetitive flashing of her computer screen; while the defendant's expert, equally credentialed and experienced, concludes from the same medical records that the plaintiff did not suffer an epileptic attack at all and that the type of attack described by the plaintiff's expert could not be brought on by exposure to computer screen images.

If the court has done its assigned job, the jury will only be exposed to the battle of experts when the expert testimony is beyond the grasp of the ordinary person; otherwise, there should be no need for expert testimony. So by definition, when the jury is treated to expert testimony, it is because they cannot be expected to understand it. They will merely understand that the plaintiff has paid \$400 an hour to a guy with impressive academic degrees who has devoted 20 years studying and writing about the subject and says, in his expert opinion, that the plaintiff wins; and the defendant has paid some other guy with a similar pedigree \$400 an hour to take the same facts and expertise to arrive at the exact opposite conclusion — plaintiff loses. For every expert, there is a counter-expert. How does the jury decide? Let's face it — more often than not, they decide the case by deciding which expert makes the better impression.

You will often win the battle, therefore, by the mere selection of the right expert. But what skills do you bring the fray beyond being a good recruiter of personnel? Can lawyering make a difference to reduce the efficacy of the other side's expert? You bet. You can affect the process most by an effective cross that exposes problems, inconsistencies, biases, and past errors. And you prepare for that cross with careful discovery. So discovery is critical. But you may not be entitled to as much discovery as you would like.

### *Rule 26 Generally Requires Detailed Expert Reports*

Until the 1993 Amendments to the Federal Rules, expert discovery was haphazard. Typically, a party would have to serve an interrogatory to elicit the identity and opinions of the experts and then seek leave of Court to take a deposition to flesh out those opinions. “The information disclosed under the former rule in answering interrogatories about the ‘substance’ of expert testimony was frequently so sketchy and vague that it rarely dispensed with the need to depose the expert and often was even of little help in preparing for a deposition of the witness.” *F. R. Civ. P. 26, Advisory Committee Notes.*

So Rule 26(a)(2)(B) was added to insure that a detailed report would be provided by the expert as a meaningful roadmap, while 26(b)(4)(A) provided for

expert depositions without petition to the Court. And to make sure that the expert disclosures were complete and sufficient, the Amendments added a self-executing sanction for failure to comply — under Rule 37(c)(1), a party who “without substantial justification fails to submit an expert report shall not, unless such failure is harmless, be permitted” to use that evidence at trial; there is no requirement that the opposing party file a motion to obtain this relief, so there is no safe harbor for noncompliance.

You are entitled to a detailed report with “a complete statement of all opinions to be expressed and the basis and reasons therefore,” an identification of all of the data considered, the exhibits to be used, the qualifications of the witness, and a list of the witness' publications and previous testimony. You can use that report to pick the expert apart. And if you do not get that report, you can confidently assume you will not need to deal with any expert testimony. Well, not exactly.

The drafters of the 1993 Amendments could have, but did not, apply the report rule to all experts. All experts who might give testimony under Rule 702 must be *disclosed*, but not all disclosed experts must provide reports. The report requirement is limited to witnesses who are “retained or specially employed to provide expert testimony” or employees of a party “whose duties . . . regularly involve giving

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expert testimony.” By the plain language of the rule, the report requirement only applies to specially retained experts. It does not apply to employees who do not regularly give expert testimony.

### ***Dealing With A Little Bias May Be Better Than A Detailed Report***

Of course, each side wants to find an expert whose credentials, demeanor, and seeming objectivity will help it win the inevitable credibility battle between the experts. Each side wants an expert who is not subject to claims of bias. But you may be willing to trade a little bias for the advantages you might obtain by using an in-house expert. Economics alone may drive the decision. With many outside experts charging hundreds of dollars an hour, the costs can become enormous. There may even be times when credibility is enhanced by going in-house. Where the allegations of the complaint go to the very core of the client’s business, it may send the wrong message to the jury to have to rely on outside expertise that should be found in-house. But perhaps most significant, the selection of an employee expert may gain the significant tactical advantage of avoiding the requirement to give up a detailed roadmap of the expert testimony. In fact, selecting an employee expert may result in there being no pretrial discovery at all.

A careless litigator will serve interrogatories requesting the identity of all fact witnesses; he will depose each of them. He will rely on Rule 26 for the production of expert reports and will provide in the pretrial order for the depositions of experts after exchange of reports. And then he will be surprised, 90 days prior to trial but after the discovery cutoff, when he receives notice pursuant to Rule 26(a)(2)(C) that his opponent proposes to offer expert testimony under Rule 702 from witnesses who are exempted from the Rule 26(a)(2)(B) report requirement. No report. Too late to take a deposition. Oops.

But the courts may offer some protection to the lame and incautious. Despite the seemingly

clear language of the Rule, we have not found a reported case in which a court has held that an expert witness need not submit a Rule 26 report merely because he is an employee of a party. To the contrary, in *Minnesota Mining & Mfg. Co. v. Signtech USA, Ltd.*, 177 F.R.D. 459 (D. Minn. 1998), 3M argued that its employee experts would “testify based on their experience and knowledge gained through their regular employment at 3M” and that no reports were necessary. Rule 26 says no report unless the witness is specially retained — these witnesses were long standing employees and were not “retained” to give testimony. Their duties did not regularly include giving expert testimony; they had never testified before. But the Court found otherwise. Since these employees do not regularly give expert testimony, the 3M court reasoned, they must be deemed to have been specially retained. Huh? If that seems a bit tortured to you, it does to us too. But what do we know? *Day v. Consolidated Rail Corp.*, 1996 WL 257654 (S.D.N.Y. 1996) came to the same result. And though we are tempted to critique the logic of these cases, we haven’t found any reported decisions that do so.

We suspect that the reason lies in an important caveat to Rule 26, which notes that the reporting requirements and exceptions apply “except as otherwise stipulated or directed by the Court.” The simple truth is that courts are not interested in the tactical stratagems of parties who want to avoid filing a report. Courts are concerned about the overall cost of litigation, but not necessarily about the cost to your client. And courts would rather see full, complete discovery before trial because it makes the trial more efficient. You cannot expect a court that has the power to modify a rule to interpret it in a way that will make the judge’s own life more difficult.

### ***Hybrid Witnesses Do Not Need To Report***

But it is fairly clear that certain experts need not file reports. Witnesses who express opinions related to their actual

observation of factual matters related to the case are not pure experts nor are they simply fact witnesses. Rather, they are hybrid witnesses who offer the trier of fact a mixture of factual observation and opinion derived from that observation. And the courts are uniform in deciding that such hybrid witnesses are not subject to the report requirement of 26(a)(2)(B). The quintessential example of a hybrid witness for whom a report is not needed is the treating physician, but the rule applies to all areas of expertise. See *Riddick v. Washington Hospital Center*, 183 F.R.D. 327 (D.D.C. 1998); *Sprague v. Liberty Mutual Insurance Co.*, 177 F.R.D. 78 (D.N.H. 1998). The treating physician may have expert opinions relating to cause and effect, but since he formed those opinions in the context of his factual observation of the plaintiff, he is excepted from the report requirement. Unless you have covered the hybrid witness’s opinions through interrogatories and deposition, you may hear those opinions for the first time at trial.

### ***Make Sure You Get The Fullest Discovery You Are Allowed***

The simple fact is that there is very little case law interpreting the report requirement of Rule 26 and no Court of Appeal has addressed the scope of the exceptions. Until there is more judicial guidance there is room for interpretation. The few reported cases suggest that it would be a mistake to rely simply on the employment status of its expert to decide whether a report must be made. Rather, you should look to the substantive nature of the proposed testimony. “[I]t is a mistake to focus solely on the status of the expert, instead of the nature of the testimony which will be offered at trial.” *Sullivan v. Glock*, 175 F.R.D. 497, 500 (D. Md. 1997). The 3M and Day cases show that the status of the expert as an employee does not obviate the need for a report (at least in those courts). But *Riddick and Sprague* make clear that the fact that the proffered expert is not an employee does not necessarily mean that a report is required. The real issue is the substance of the

testimony. Is it pure expert testimony, in which the witness comes to the engagement with no prior knowledge of the events related to the lawsuit? If so, she is a pure expert and probably should prepare a report. Or is the witness someone who was involved in the factual events who formed opinions as a result of that process? If so, the witness is a hybrid expert; he may be subject to deposition but a report is probably not needed.

If you hope to neutralize your opponent’s expert, you want the most complete discovery available. If you want to frustrate your opponent’s attack on your expert, you want deny her a blueprint of your expert’s views. Be alert to situations where a complete report is not required.

# DISCOVERY

## Witness Compensation

By Jerold S. Solovy  
and Robert L. Byman



The number is obscene expressed in Lira much less dollars. You have paid sums in seven figures to a horde of accounting experts at \$500 per hour to pour over the complex and detailed financial information that supports their opinions. It is expensive, but necessary work. And having shelled out these sums, you are neither surprised nor fiscally concerned that the former controller of your client, now retired and living in Europe, wants to be compensated to bring herself up to speed on the same documents to prepare for the deposition testimony you need to support the expert report and prove your case at trial.

### *A Witness Wants \$400 an Hour And You Say Yes; Think Again*

She is retired, but she did not fall off a radish truck. She knows that it will be more efficient for her to come back to the US rather than force you to travel to Europe for her deposition. She knows you don't want to wade through Letters Rogatory. And she knows that her testimony is worthless to you if she does not first refresh her memory with a time-consuming review of the documents, a review you cannot expect her to make unless she volunteers the time. She knows the going rate for the time of professionals of her seniority. So she asks for \$400 an hour plus expenses. Measured against the rates charged by your retained experts, factoring in the value of

her full cooperation, her terms are so reasonable you give it not a second thought. Think again. Paying a witness to cooperate and make your life easier makes perfect sense. But it may also subject you to personal sanction. Can a witness require that she be paid for her cooperation? The answer is an unqualified "no." But you want meaningful cooperation. Can you, even though she can't make you do it, voluntarily give compensation? The answer is a resounding "uh, maybe."

In 1961, the government began criminal and civil antitrust actions against General Motors charging monopolization of the diesel locomotive industry. Harold Hamilton, who retired in 1955 as the manager of that business, became a critical witness for GM. Hamilton "came out of his retirement and . . . devoted substantially all of his time and effort in assisting GM officials and its counsel . . ." *Hamilton v. General Motors Corp.*, 490 F.2d 223, 225 (7th Cir. 1973). Hamilton was compensated for out of pocket expenses, but when his widow learned he had not been paid for his time, she sued for reasonable compensation. The court found that Hamilton's services were valuable to GM. The court found that it might be unfair that a non-expert witness such as Hamilton was asked to spend so much time without compensation. Unfair perhaps, but that's the way it is. The cases are legion that a citizen has an

absolute duty "to testify . . . for the compensation allowed by law," and thus "a bargain to pay . . . a further sum for his attendance as a witness is invalid both on grounds of public policy and for lack of consideration." *Id.* at 228.

### *Witnesses Cannot Demand, But You Can Pay Voluntarily*

*Hamilton* addressed an attempt by the witness to require compensation; he could not, because no such agreement can be enforced. But does that mean you cannot voluntarily make such arrangements? Nope. When Goldstein sued Exxon for age discrimination and wrongful discharge, his former supervisor, Dr. Effron — now retired — became the critical witness. After two full days of deposition testimony, Dr. Effron requested compensation for the demands on his time before submitting to a third day. Exxon readily agreed and gave him a "consulting" agreement, which spelled out that the agreed upon compensation was in no way conditioned upon the outcome of his testimony. But Goldstein cried foul, claiming that the agreement was unenforceable and that Exxon should be barred from using Effron as a witness because the payment contaminated his testimony. The court held that the compensation agreement was indeed unenforceable. *Goldstein v. Exxon Research & Eng. Co.*, 1997 WL 580599 (D.N.J. 1997). But Goldstein's victory was pyrrhic —

the agreement might have been unenforceable, but it was not improper. Goldstein's remedy was limited to a ruling that the compensation agreement could be introduced in evidence to impeach Effron.

Most courts appear to draw the same distinction. A witness cannot require compensation but a court will not bar a voluntary agreement to compensate. *See, e.g., Baker v. Taco Bell Corp.*, 163 F.R.D. 348 (D. Colo. 1995). Well, usually. In *Fisher v. Ford Motor Co.*, 178 F.R.D. 195 (N.D. Ohio 1998), Ford was perfectly willing to pay compensation to three testifying physicians for their preparation and deposition time; the doctors, however demanded rates ranging from \$450 to \$1200 per hour, so Ford filed a motion asking to court to order a more reasonable rate of \$250. Pigs get fed, hogs get slaughtered. The court ordered the doctors to appear for the statutory \$40 subpoena fee. Likewise, in *Haslett v. Texas Industries, Inc.*, 1999 U.S. Dist. LEXIS 9358 (N.D. Tex. 1999), the doctor-witness advised that he would be happy to testify — for \$10,000 a day. The court noted that it is common practice in Texas to compensate non-party doctors for deposition time. But the court gave the doctor his choice of a reasonable rate or a measly subpoena fee. In fairness, we don't know whether these doctors were greedy or merely trying to discourage the parties from taking them away from their patients. But

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it must have looked like greed to the court, and courts do not tend to reward avarice.

But wait. You cannot assume that you can agree to compensation until you have carefully checked the ethical rules of your jurisdiction. In Wisconsin, “inducements to witnesses that exceed their actual out-of-pocket losses would support findings of [ethical] violations.” *State Bar of Wisconsin, Wisconsin Ethics Opinions E-88-9* (1990). In Wisconsin, and in similarly inclined jurisdictions, you could reimburse your controller for her travel expenses from Europe, but you could not pay any further compensation beyond the \$40 statutory subpoena fee.

But other jurisdictions are more liberal. The modern, and apparently the prevailing trend, is that it is permissible to compensate a non-expert witness for expenses and the reasonable value of time expended in the preparation and attendance at a deposition or trial, so long as the payment is not made for the substance of the witness’ testimony or as an inducement “to tell the truth.” *ABA Standing Committee on Ethics and Professional Responsibility, Formal Opinion 96-402* (8/2/96). The Philadelphia Bar Association Professional Guidance Committee has ruled that “the most that can be paid to fact witnesses . . . is the witness’ reasonable expenses incurred in attending the . . . proceeding, such as parking and travel expenses, as well as reasonable compensation for his time, i.e., lost wages occasioned by the attendance.” *Philadelphia Bar Association Professional Guidance Committee Opinion 94-27* (December 1994).

What constitutes reasonable compensation for lost time? Reimbursing a salaried worker who is docked for missing time is an easy case. But what of our retired controller? She is retired; her time is free. Can you pay her for lost time when she lost no actual income? Probably. In *Goldstein, supra*, Dr. Effron was retired; the court was not offended by the consulting agreement which contemplating payments at roughly his pre-retirement salary. But let’s mix it up a bit. Your controller

made \$80,000 her last year prior to retirement. At that salary, her hourly rate was \$40-50. Yet she knows you are paying anyone with a B.S. in accounting \$400 an hour and up. That’s what she wants to “cooperate.” Can you pay her ten times what she used to make? Maybe; maybe not.

#### ***Payment For Lost Time Must Be Reasonable***

There are no hard and fast standards. But if the court feels that the compensation has crossed the line between reasonable compensation and improper inducement, it will find an ethical violation and exclude the improperly induced testimony. In *Golden Door Jewelry Creations, Inc. v. Lloyds Underwriters*, 865 F.Supp 1516 (S.D. Fla. 1994), Lloyds paid more than \$600,000 to two individuals in the wake of a \$9,000,000 theft, in part as a reward for information that helped to solve the crime, and in part to obtain the individuals’ cooperation for testimony. Golden Door did not object to the reward payments, but it asked the court to find that the witness payments were in violation of 18 U.S.C. § 201, which forbids payments to affect a witness’ testimony. The court declined to find a criminal violation, because it did not find any indication that the witness payments had resulted in false testimony, a necessary element under § 201. But it did find that the magnitude of the payments was just too great to be reasonable and was therefore a violation of Florida ethics rules, which prohibit payment of “money or other rewards to witnesses in return for their testimony, be it truthful or not, because it violates the integrity of the justice system . . .” *Id.* at 1526. The appropriate sanction, the *Golden Door* court found, was exclusion of the tainted testimony. Lloyds had paid \$600,000 for an empty witness chair.

#### ***Paid Testimony May Lead To Disciplinary Sanction***

But when you offer payments to witness, you don’t merely risk having the testimony excluded;

you put your personal neck on the line. Look — you know it is wrong to pay a witness to commit perjury. But make no mistake. It is equally wrong to pay a witness to tell the truth. And if you pay, you may pay with your license. Consider *In re Kien*, 69 Ill. 2d 355, 361-62, 372 N.E.2d 376, 379 (1977). Defense counsel interviewed the arresting officer prior to a suppression hearing. The officer said the truth was that he had found the weapon under the car seat rather than in plain view; but, said the cop, “You got to pay for the truth.” The lawyer paid. Boy, did he. He paid the officer \$50. He paid the State by the suspension of his license for 18 months. The Illinois Supreme Court was unequivocal: “we will not tolerate payments of any sum of money by an attorney to witnesses . . . to secure or influence testimony, whether it be for the purpose of securing truthful testimony or otherwise.”

Improper compensation may not always be measured simply in dollars. In *State of New York v. Solvent Chemical Co.*, 166 F.R.D. 284 (W.D.N.Y. 1996), Solvent paid an important witness, Mr. Beu, \$100 an hour for his time and reimbursed his travel expenses. No problem. But the court did have trouble with the side agreement under which Solvent settled other litigation involving Beu and indemnified him against third-party claims. The court ordered production of the consulting agreement so that it could be used for impeachment.

#### ***Try To Avoid Paying Compensation For Testimony***

The simple fact is that you should avoid providing compensation beyond mileage and subpoena fees to fact witnesses if at all possible. If you pay more than the statutory minimum, your witness will be subject to impeachment at best; at worst, the testimony will be excluded and you will be sanctioned. Many witnesses will ask for compensation, but fewer will actually require it. Once they understand the practical, legal and ethical problems with compensation, many witnesses will

simply withdraw the request. Most witnesses, even if they approach their testimony with reluctance, will want to do their best. The very reason that your controller can legitimately ask for compensation — that she is a professional — will make her act professionally even without compensation. When you must, provide compensation. But try to limit it to genuine out of pocket expenditure or loss; and where you pay for lost time, be sure that the rate of compensation is rational and reasonable. To be on the safe side, you may even wish to alert opposing counsel in advance or seek guidance from the court. Adhering to ethical rules is always your duty as a lawyer; but following these rules is not merely the right thing to do, it is the best way to help you present and win your case. Just be sure that if you must pay for testimony, it is a price you can afford.

# DISCOVERY

## Digital Discovery

By Jerold S. Solovy  
and Robert L. Byman



It was neither a comet nor a dramatic climactic change that killed off the dinosaurs. They perished because they could not adapt to the digital age.

If we could tell you everything you need to know about digital discovery in this single page, we would be far smarter than we are — smart enough to charge you thousands to impart such vital yet concise information. But you get what you pay for, and we have neither the intellect nor the space to fully cover such a broad and important topic in a single column. The best we can do is serve up some fast food for thought.

The most important thing you need to remember about digital discovery is that you need to rethink everything. In the dark ages (when we started practicing), document production was pretty much a one-way act of paper terrorism. Oh, your evil opponent could compose discovery requests with stunning ease yet crushing breadth on her mag card machine (ask your grandparents); so with small cost she could seemingly impose great burdens upon you. But you could easily trump her ploy by assembling file cabinet after file cabinet, box after box of documents, which you would put in a musty, windowless, basement room near the furnace, and invite her to wade through millions of pieces of paper. You would bury her in paper and expense.

### *The Digital Age Changes The Way We Conduct Discovery*

The digital age changes everything. In the old days, the responsive documents were physical pieces mostly of paper, kept in a finite number of locations. In those good old days, you would go to a few key employees and say “Here are the document requests. Search your files and give me anything responsive.” That won’t do today. You can’t limit the search to a few, because in the digital age, information is shared by the many. With a keystroke, information is routinely shared by ten, or a hundred, or a thousand coworkers. And even if you could identify a finite number of people to ask, mere business executives cannot be asked to search their computer files, because they likely do not know how to. The documents reside in nooks and crannies of their computers and in network archives. In order to legitimately comply with most modern discovery requests, it is necessary to involve an MIS Manager so that you have an understanding of how data is kept, maintained, archived, and retrieved.

Okay, so maybe it’s a bit more complicated, but you can still bury your hapless opponent in the data, right? Well, no. In the digital age you can’t just dump the data; you have to actually help the other side decipher and use it. And here’s the real rub, the double whammy — the digital age makes it more likely than ever that your client’s employees have created smoking gun documents. And that

same digital age makes it your job to find and deliver those embarrassing weapons to your enemy.

### *Digital Oops*

E-mail has become ubiquitous. It is fast, it is easy, it is informal, it is efficient. E-mail sings the siren song “be spontaneous, be yourself, be funny, be blunt.” But be-ware. E-mail has eliminated the need to gather around the water cooler. Heard a good joke? Put it in an e-mail and send it to everyone you know, who in turn will send it to everyone they know. But a joke that you could share with a few buddies that was merely in bad taste, when exchanged via e-mail, can have cataclysmic results. Ask Chevron Corp., which paid more than \$2 million to four female employees to settle their claim of sexual harassment when an e-mail zapped through the company’s system with the title “25 Reasons Beer is Better than Women.”

Andersen Consulting fields an army of brilliant people who are experts at everything. Except maybe horse sense. They should have hired a document retention consultant for themselves. When Andersen was sued for \$100 million for breach of contract and fraud in connection with Andersen’s contract to develop new computer systems, the key evidence was Andersen’s own internal e-mail messages suggesting that its expertise was

not up to the task. And if anyone should know better, wouldn’t it be the admitted computer geek who became the world’s richest human? Yet the recent findings of fact which may be the undoing of Microsoft were based in no small measure on incriminating e-mail messages sent by and to Bill Gates.

Unlike an ephemeral water cooler chat, digital dirty laundry may be as hard to get rid of as a Florida timeshare condo. “Delete” does not mean “delete.” In English, “delete” means “erase, obliterate, remove, etc.” But in computer, “delete” means “available to write over.” When you enter data on a computer, the computer assigns some segment of its hard drive to store the ones and zeros that represent that data. And that data stays right there until you write something over it in the same space. When you hit the delete key on your computer, you merely allow that data to be overwritten, nothing more. Even if you enter new data immediately after “deleting” old data, the computer may or may not assign the new information to the specific location you have “deleted.” And even if it has, if the new data size is smaller than the old, some of that file will still exist.

### *If The Client Saves Everything It May Save Smoking Guns; If It Destroys Everything, It Will Be Charged With Spoliation*

Some companies and lawyers are starting to get wise to these

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potential problems and have implemented programs that actually do erase old files so quickly that it is no longer appropriate to call them “old.” But the flip side of that solution is obvious — where destruction of files appears to be driven by fear of litigation rather than legitimate storage or business considerations, the specter of spoliation and adverse inferences looms large. Check out *Gates Rubber Co. v. Bando Chemical Industries Ltd.*, 167 F.R.D. 90 (D. Colo. 1996), where the litigants were consumed in a three and one-half year battle over digital spoliation issues, during which not a single byte of discovery was conducted on the merits.

When a company institutes an automatic document destruction program, the risk of spoliation is enormous. In days of yore, when your client advised you that a complaint had been served against it, your first thought was to schedule a meeting, in the next week or two, to discuss the facts and frame an answer and possible counterclaim. But now your first thought had better be “Quick, connect me to the MIS Manager!” If you let a week or two go by, a week or two worth of e-mail messages will be deleted routinely from the system. And your opponent will routinely argue that there has been spoliation.

And if you are the plaintiff, and fear that good documents may be about to hit a digital trash bin, you should not rely on your adversary’s good faith or good judgment. You should send a letter with the complaint instructing the defendant to preserve all electronic files; and you may even wish to obtain an ex parte or emergency order from the court to insure the maintenance of those files.

### ***The Digital Age Has Huge Implications For The Discovery of Drafts***

The Parol Evidence Rule notwithstanding, drafts are often an important window into the mind of the writer. We lawyers are insatiably interested in drafts for that very reason. In the paper age, the retention of drafts was a

storage issue — when the folder got too thick, the drafts were tossed. The digital age changes everything. Drafts are easier to create, so there likely are more of them; drafts are easy to share with co-workers, so there are probably more drafts with each person’s input; drafts are easy to save; conversely, they are also easy to overwrite. In the digital age, you can store tens of thousands of pages on a single ZIP disk. You can assign new file extensions to each succeeding draft and save for all eternity each individual iteration of a document. Indeed, some network systems even force users to save each new version as a new file. So the anal compulsive can easily and will gleefully save every single draft. But other drafters (especially those who have been through litigation) will *never* retain a draft. They will routinely overwrite (or so they think — see *supra*) the earlier work so that only the current version exists.

This is all fairly obvious, but there is an additional wrinkle built into some word processing systems. You have asked for all drafts of the Agreement which is the subject of the lawsuit; your opponent produces the Agreement and five drafts, each bearing a different date. Your opponent certifies that these are all of the drafts that ever existed. Full production, right? Maybe. The answer depends on what word processing software was used to create the documents. There may be gold to be mined in the electronic files of those drafts.

You are familiar with — and grateful for — the “undo” icon. Most word processing software allows you with a mouse click to restore whatever it is that you just did that you decided you should not have done, with buffers that save ten or so previous “undos” while you are working on the document. In some systems, when you save the file, the buffer is erased. But in others, like WordPerfect 6.1, you save the undos along with the document.

Try this simple test. Compose a letter (in WordPerfect 6.1) “Dear Madam: I know I should not have been driving after having six martinis, but the accident is your fault because you

should not have entered the intersection after the light was yellow. Sincerely, . . .” Now think better of it, highlight the words “I know . . . but” and delete them; change the small “t” to a capital. Print the final letter, save the file as “Snottyletter.wpd” and shut down your computer. Later, after opposing counsel has demanded the electronic file for your letter, boot up, and open the document. Now, click on “undo” twice. Uh-oh. Six martinis. Snottyletter.wpd just became Smokinggun.wpd. Think about asking for electronic files of word processed documents in your next document request.

Discovery of electronic files may be even more critical for spreadsheets. First, the electronic file will help you understand the spreadsheet by showing you the formulas for the data entry. Second, and more important, having the information in electronic form will allow you to manipulate the data to make your own point. Suppose you are given a hard copy printout of a spreadsheet organized in alphabetical sequence by customer that consists of hundreds of pages of sales data, breaking out the items purchased, the amount of the sale, the date of the order, the date of shipment, the date that payments were made and so forth. The only way your adversary ever used the spreadsheet was in the exact hard copy form produced. But in your lawsuit, you only care about #10 widgets, not any of the other purchases recorded. The spreadsheet is 300 hundred pages with 100 sales per page, but you only give a hoot about roughly 200 entries, buried in the universe. With the hard copy, you can have an accountant, at a mere \$400 an hour, spend a week to dig out the data you care about. Or you can demand the electronic file, and with a keystroke, reorder the data by product, creating the concise trial exhibit you need from your adversary’s own data in about 5 minutes.

### ***In the Digital Age, “Produce” May Mean “Create”***

Knowing how helpful it will be to you to have the electronic file, your opponent may resist.

But, to paraphrase the Borg, “Resistance may be futile.” If there is any single event of the digital age that comes as the most critical shock to the dinosaur, it is that the requirement to “produce” documents in Rule 34 may no longer be limited to the production of things already in existence. “Produce” may now mean “create.” This is not a totally new thought. Nearly 20 years ago, in *National Union Electric Corp. v. Matsushita Electric Indus. Co.*, 494 F. Supp. 1257 (E.D. Pa. 1980), Matsushita asked for specific information about sales for specific periods from NUE’s records. In response, NUE fully complied; it produced, in hard copy, the precise data requested. But Matsushita then asked that the same data be reproduced in electronic format so that the data could be manipulated. NUE balked, arguing that it would be forced to create something that did not exist. But, reasoned the Court, since Matsushita offered to pay for the process, and since the creation of the electronic tape would make discovery and the trial more efficient, it was fair to order that the tape be created.

We would like to say more — indeed we have in the drafts of this article — about the exciting but frightening world of digital discovery. But we do not have the space here to say everything we would like. We have had to delete whole sections of this article. If you would like to see more, serve a request to produce on us, get the electronic file, and hit “undo.”

# DISCOVERY

## Views on Video

By Jerold S. Solovy  
and Robert L. Byman



A picture is worth a thousand words. A moving picture, then, must be worth ten thousand words, because, well, because it is moving. So whenever you have the opportunity, you should not rely on mere words, should you? Shouldn't you always, whenever your client can afford it, use videotaped depositions? Well, no. As we have on other subjects, we like to answer these types of discovery questions with unambiguous, black and white answers. And the answer to the question — should you or should you not use video depositions — is a resounding “maybe.”

Think about it. The adage “a picture is worth a thousand words” creates an elegant, concise, wonderful thought — *in words*. No picture can convey with such graceful efficiency the idea expressed in those few simple words. Sometimes pictures are better suited to express ideas than mere words, sometimes not. The mistake is to assume that one is always superior to the other.

### *The Medium Is The Message*

Before you can decide upon the medium, you have to have a clear understanding of the message. What are you trying to accomplish? Do you want mere discovery? Then video is superfluous; the extra cost that video inevitably entails is unjustified. Do you want to preserve testimony for trial? A stenographic record does that just

fine. Do you want to preserve both the testimony and the demeanor of the witness? Then you want video, so that all can see for themselves not just what was said but how it was said.

The Federal Rules actually state a strong preference for video over stenographic depositions. Rule 32(c) requires, on the motion of any party in a jury case, that deposition testimony be presented in non-stenographic form if available. The reason for that preference is abundantly clear — a video deposition is much more likely to be accurate than a stenographic deposition. Instead of interpreting the witness's words through the reporter, the trier of fact hears the words directly. Reporters are good, but they make mistakes. More important, the reporter cannot transcribe demeanor.

Consider a simple but extreme example. “The light was green” is the testimony. That is the fact, the “truth” as perceived by the witness. Another witness, however, saw “red.” The sole issue is whether the light was green or red. There are no other facts to corroborate either assertion. And both witnesses testify by way of deposition transcript. On that evidence, how does the jury decide? In theory, it can't; as a matter of law the facts are a 50/50 toss-up — so the plaintiff cannot sustain the burden of proof. But what if the testimony is presented by video deposition? Enter credibility. Did one of the

witnesses look confident or confused? Sincere or shifty? The video will tell; the written record will not.

Since it cannot seriously be disputed that a video presentation will be closer to the truth than a stenographic record, we should use video in all circumstances, right? Well, no. Put aside the cost issue for a moment; assume that money is no object. Before you call the videographer, you have to decide whether the truth of the demeanor, preserved in video, is good or bad for your case.

### *Truth or Advocacy?*

Perhaps we need a quick refresher about our system of justice. Remember this well: judges and lawyers talk in platitudes about trials being a truth seeking exercise, but that is wrong. The truth is that our system is designed to administer Justice (with a capital “J”), not to discover the truth. Our Supreme Court allowed Roger Coleman to be executed, despite substantial evidence that he may have been innocent, because he had received “Justice” and was not entitled to the truth or the further time or consideration of the court system. *Coleman v. Thompson*, 504 U.S. 188, 112 S. Ct. 1845 (1992). If the goal were to find the truth, we would not have opposing advocates; rather we would appoint an impartial fact finder. You are an advocate, not Diogenes. As an advocate, you

cannot advocate untruths, proffer perjury, or disobey the rules of Justice. But you are not obliged to ignore the art of advocacy. You are allowed, indeed obligated, to present the facts in the most compelling and persuasive way possible. And video may or may not be a tool of advocacy. If you ask the judge or the jury, the answer is simple — give me the real thing and let me make my own assessment. But as an advocate, do you prefer the real thing or a possibly improved presentation?

### *Real Witness or Actor?*

Most courts will allow you to present stenographic testimony by putting a reader on the stand so that the testimony may be presented to the jury in relatively normal question and answer format. Too many lawyers give too little attention to the identity of the reader. They grab a paralegal or another lawyer in their office the morning of the testimony and ask them to come over to court after having read the testimony only once or twice. But consider the possibilities. There is nothing to prevent you from having a professional actor as your reader. Indeed, you can cast the individual as you would for a part in a play. And you can rehearse the testimony to insure that the actor delivers the lines in the most compelling and persuasive way. In real life, the witness may have spoken so rapidly that the words are lost on the listener. But an

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actor can be rehearsed to deliver the lines slowly, clearly, and with emphasis where most effective. In real life, the witness may be a revolting human being with the visual empathy of a slug. But an actor can be chosen who radiates warmth. In real life, the witness may testify with the force of a feather. An actor can deliver the lines with the confidence of a Caesar.

So which is better? Real video or faux actor? The answer depends on each individual witness. You represent the former employer of a plaintiff suffering terminal lung cancer as the possible result of exposure to asbestos in your client's brake shoe plant. You have a duty to take the plaintiff's deposition, to establish that he was a two-pack-a-day smoker, and that there could have been other causes of his lung cancer. On the other side of town, your counterpart needs to take a deposition to preserve the testimony of her own client, who is unlikely to survive until the trial. Each of you mulls whether to notice the deposition by video or normal stenographic means.

Sympathy is not supposed to play any part in a jury's judgment, but that is exactly what the plaintiff's lawyer wants – and has a duty — to convey. So does the plaintiff's lawyer want to have the testimony of the deceased client read into the record by a presumably healthy actor? Of course not; she wants a deathbed deposition in the hospital so that the jury will see the plaintiff in the last throws of disease. Meanwhile, as the defense lawyer, you want to defuse sympathy. You have heard that the plaintiff is an unsympathetic and unapologetic smoker who sports a tattoo of the Marlboro man. So you want to schedule the deposition while he is in reasonably good health and looks as normal as possible, to make a video record of him asking for a break so he can grab a cigarette. Whether either – or both – of you wants video turns on the visual image you hope to convey.

***Do Jurors Remember More  
or Less With Video?  
Yes – More or Less***

In the video age, we take as basic gospel that video will engender greater attentiveness and retention. A video deposition will simply have more impact than using a stenographic transcript. Right? Studies show that studies can be made to show anything. There are studies that indicate that jurors recall 65 percent of testimony aided by visual cues, but only 10 percent of non-visual testimony. See "The Taking and Use of Video Depositions: An Update," *U. Tex. Review of Litigation* (Winter 1998) at note 74. But other studies indicate that prolonged viewing of videotape becomes boring and causes jurors' attention to wane. See "Roll Tape — Admissibility of Videotape Evidence in the Courtroom," *26 Mem. St. U. L. Rev.* 1445 (Summer 1996) at note 21. So which is it? Do video depositions make it easier – or harder — for jurors to remember key testimony?

We don't need studies to tell us what we know in our heart of hearts — it depends. The presentation of stenographic testimony, with the use of an actor who is physically present in the courtroom, may have a better impact than a disembodied head on a monitor. But the real person on that monitor may have a greater impact than someone reading lines from a script. It will depend on the personalities and the production values of the presentation. And that is where you as an advocate earn your fee.

There is a reason people pay to see movies produced by Steven Spielberg but start to make excuses when the subject of home movies is raised. Making entertaining video presentations is an art which requires talent few of us possess. Because the technology seems so simple, we are lulled into believing that we know how to do it. We don't. We are not talking about camera work here. The rules pretty much limit the video camera to a head shot of the witness. It's the script writing and the acting which is the problem. Try this simple test. Pop a video cassette of nearly any videotaped deposition into your VCR after a good meal and see how long you can stay awake. The questioning is droning. The off-screen lawyers

sound as if they are reading their questions while simultaneously translating from the original Greek. The pauses are interminable. The witness looks like a doe in the headlights staring at the camera with the life literally sucked out of her. Why on earth would you want to use this virtual sleeping pill to try your case?

The main problem with most videotaped depositions is that the lawyers who create them have not thought through how they will be used at trial. Trials, like sausage, are more palatable if the consumer is not assaulted with the details of preparation. If you are taking a discovery deposition, you likely are asking questions to which you do not know the answers, you are darting back and forth across the spectrum of relevance, and you are thinking of your questions as you go along. You probably do not want to make a record of your fumbling and indecision on videotape. Video depositions are best left to situations when you know you will use the video, you know how you will use the video, and you prepare for the deposition as though it was actual testimony at trial — short, concise, and above all, interesting.

***Have A Good Reason To Take  
A Videotaped Deposition***

The only rule of which we are sure is the rule that there is no rule to which there is no exception. So while we make it a rule never to take videotaped depositions unless it is for focused trial testimony, we have made a few exceptions. You will have cases in which the folks with settlement authority – who are too busy to attend the depositions – need the video to assess the demeanor of the key witnesses themselves before writing or accepting a check. You may encounter a witness who is evasive and shifty during the morning session. During the lunch break, you may want to get a videographer over to record the rest of the deposition; the witness will either have an epiphany or will help dig his own grave. (Of course, the Federal Rules require that the notice of the deposition specify the manner in which it will be taken. F.R.Civ.P. 30(b)(2).

Your opponent will probably object to the addition of video without adequate notice, but a quick call to the magistrate should resolve the issue.) But these are exceptions; video should be used with discretion.

It is for the very reason that the federal rules require that non-stenographic depositions be used at trial if they exist that you should consider not creating them. If you have a videotaped deposition, you will be stuck using it. If you don't, you will have the ability to put life into otherwise dull testimony with the proper selection and preparation of an actor. Truth is, a picture is not worth a thousand words. Pictures are simply alternate ways to convey ideas, just like words. Sometimes pictures are more powerful, sometimes words are. Don't assume that pictures are better just because the technology is newer. And even if pictures are better, don't assume you are the next Spielberg. Think through how the use – or non-use – of videotape depositions help you win the trial.

# DISCOVERY

## Ex Parte, Brutus?

By Jerold S. Solovy  
and Robert L. Byman



Assume the legal lotus position and imagine a happy place. What greater nirvana could there be than the disgruntled former employee? And grunted or not, a high priority of any good discovery plan should be to identify and interview former employees as quickly as possible before the other side can neutralize or co-opt them. But there's a problem.

### *Disagreement On the Propriety of Ex Parte Contact*

There is an amazing lack of agreement as to whether and to what extent you can make ex-parte contacts. Your ability to contact a former employee — without running the risk of sanctions — will depend on the rule in your jurisdiction, the judge applying the rule, the nature of the former employee, and the nature of the information the former employee may have.

Most federal jurisdictions follow some version of American Bar Association Model Rule of Professional Conduct 4.2, which prohibits communication with a represented party without consent of counsel. This is an easy test to observe with persons who are persons. Jones has a lawyer; you know you cannot talk to Jones unless Jones' lawyer agrees. But when Jones Inc. has a thousand current and former employees, which persons are the person? Most of us would not think of approaching current employees of

a corporate party. But what about former employees?

If you practice in New Jersey, where there are some 17 Federal judges, you have the comfort of knowing that there can only be 17 different approaches — unless of course a single judge issues two different opinions. In *Public Service Electric & Gas Co. v. Associated Electric & Gas Insurance Services Ltd.*, 745 F. Supp. 1037 (D.N.J. 1990), Judge Nicholas H. Politan sought guidance in the Committee Comments to Rule 4.2, which conclude that the Rule was meant to prohibit communications with persons whose act or omission could be imputed to the organization for purposes of imposing liability. That, reasoned Judge Politan, must extend to former employees. Of course. Why would you interview a former employee if not to attempt to get some bit of evidence that could be used against the former employer? Judge Politan adopted a bright line test with “clear guidance to the bar,” and banned all ex parte communication with present or former employees.

But the bar was provided guidance limited to Judge Politan. *Curley v. Cumberland Farms, Inc.*, 134 F.R.D. 77 (D.N.J. 1991), rejected the *PSE&G* bright line test in favor of allowing ex parte contacts unless the objecting party could establish that the ex-employees' roles were central enough to the litigation to be the basis for potential imputed

liability. Latitude gained, guidance lost. Under *Curley* it was proper to interview a former employee as long as he didn't say much to hurt his former employer; but the more he had to say, the more likely it was that you shouldn't be listening ex parte. Where was the line?

Yet another judge drew the line yet another way. In *Re The Prudential Insurance Company of America Sales Practices Litigation*, 911 F. Supp. 148 (D.N.J. 1995), chose a middle ground between the total bar imposed by the *PSE&G* Court and the wide latitude granted by the *Curley* Court, applying Rule 4.2 to bar contacts only with former employees who had been in the organization's control group, that is, those employees who were instrumental in creating or implementing corporate policy with respect to the relevant allegations in the lawsuit.

Earlier this year, Judge Politan reversed himself, in no small measure because New Jersey had adopted amendments to Rule 4.2 which specifically extend application of the Rule to former employees, but only to those who were members of the organization's “litigation control group,” that is, those significantly involved in determination of the entities legal position in the subject issues. *Andrews v. Goodyear Tire & Rubber Co., Inc.*, 2000 WL 175098 (D.N.J.).

### *Courts Need Not Follow the ABA's View*

As the New Jersey courts wrestled over where to draw the line, other jurisdictions decided that no line exists. After the *PSE&G* and *Curley* courts had come to their inconsistent positions, the ABA issued Formal Opinion 91-359 suggesting that while “persuasive policy arguments” could be made to extend Rule 4.2 to former employees, the rule does not by its language do so; the Committee's opinion, therefore, was that Rule 4.2 *never* prohibits the interview of an unrepresented former employee. The ABA's interpretation of its own Model Rule should end the debate, right? Well, not exactly, since courts are not bound by ABA pronouncements.

If the ABA and three judges of the same district could reach four very different results, it should not be surprising that there is something less than unanimity among other jurisdictions. Some jurisdictions follow the ABA approach. You can feel relatively free to contact ex employees ex parte in Illinois, Michigan or Connecticut. *Orlowski v. Dominick's Finer Foods, Inc.*, 937 F. Supp. 723 (N.D. Ill. 1996); *Valassis v. Samuelson*, 143 F.R.D. 118 (E.D. Mich. 1992); *Dubois v. Gradco Systems, Inc.*, 136 F.R.D. 341 (D. Conn. 1991). But beware of any ex parte contact in Virginia. *Armsey v. Medshares Management Services, Inc.*, 184 F.R.D. 569

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(W.D. Va. 1998). In Montana, you can contact ex employees, but not if they had managerial responsibilities. But in Florida, *Rentclub, Inc. v. TransAmerica Rental Finance Corp.*, 811 F. Supp. 651 (M.D. Fla. 1992), the line is drawn not on the nature of the prior employment but rather on the content of the former employee's knowledge; you can talk to any ex employee, but you cannot elicit the disclosure of confidential information. And even in those courts which refuse to apply fetters on your ability to make ex parte contacts, most of them raise caveats that you are forbidden to elicit privileged information. See *Valassis, Dubois*.

In *Lang v. Reedy Creek Improvement District*, 888 F. Supp. 1143 (M.D. Fla. 1995), the Court decided that ex-employees could be freely interviewed ex parte, but only subject to a series of guidelines that ranged from understandable — for example, that counsel identify herself as adverse to the former employer — to a bit Draconian — that counsel create and deliver her work product to the other side, listing the employees contacted with all interview notes.

### ***Focus On What The Rule Ought To Be***

With so many different interpretations and so little appellate level guidance, perhaps you should be less concerned with what individual judges think the rule is and focus instead on what the rule ought to be. Be careful, now — if you are wrong you may find your evidence excluded; and you may find yourself disqualified. See *Zachair Ltd. v. Driggs*, 965 F. Supp. 741 (D. Md. 1997). But you can't always be completely careful if you want to be a total advocate. What is right?

No one has appointed us to the bench (and we probably couldn't pass the FBI background check), but we would adopt the ABA position. We can't find anything in Rule 4.2 that applies to non-parties. A former employee may once have been a party under the Rule, but is no longer when the employment ceases. And the benefits to finding the truth far

outweigh the right of an organization to put burdens on the fact-finding process. See *Baisley v. Missisquoi Cemetery Ass'n.*, 708 A.2d 924 (Vt. 1998).

Moreover, we are not sure we would draw the line, as many courts have, to restrict ourselves from delving into confidential or privileged areas. The attorney-client privilege is neither an ethical rule nor a moral imperative. It is merely an evidentiary rule which precludes the discovery of certain facts as a matter of public policy, and it is a rule which may be waived. To be sure, it is the organization and not the individual which has the right whether or not to waive, but it is not your job to protect your adversary's waivable rights.

Take an example. You are deposing the current President of Acme Widgets. Acme's lawyer is sitting at the President's side. There is nothing unethical about you asking the question "What did you tell your lawyers about whether you entered into an agreement to fix prices?" Acme's lawyer will either assert the privilege or she will not. If she does, you move on; if she does not, you listen to the answer and you are free to use it.

Variation. You ask the question, Acme's lawyer asserts the privilege; but the President, strong willed moron that he is, blurts out the answer anyway. Have you done anything unethical? No. You may or may not get to use the answer in evidence; Acme would probably have a valid point that there was no waiver of the privilege and the evidentiary rule should still apply. If you are allowed to use it, Acme might have a cause of action for breach of duty against its President, but that is not your concern.

### ***You Cannot Induce a Breach of Privilege***

Why is it any different at the ex parte interview of the former President of Acme? Well, it is different for the obvious reason that Acme is not there to assert the attorney-client privilege. Here, Model Rule 4.4 comes into play, which prohibits an attorney from using any means to obtain

evidence by violating the rights of another person. Simply put, you cannot induce someone to breach someone else's attorney-client privilege, no matter how willing the former officer might be. And Rule 4.4 applies to *any* right of a third party, not just rights like the attorney-client privilege. During an ex parte interview, therefore, it may be improper to induce a former employee to divulge any confidential or proprietary material.

But wait. Confidences and privileges must be affirmatively protected to be maintained. A trade secret is lost if its owner does not take suitable precautions to protect confidentiality; an attorney-client privilege is waived unless its owner asserts the privilege. If Acme did not go to the trouble of getting its former employee to agree to maintain its confidences, why is it wrong for you to discover them? You cannot trick a witness into violating another's rights. But why can't you tell the former employee that he should be careful, that he should not divulge confidential material unless he has thought through the consequences to himself and his former employer, that he should retain counsel of his own if he wishes, that he should contact his former employer if he wishes, and, having given all of these warnings, go ahead and ask your questions?

Well, because it's easier to write about what's right than to explain it to an angry judge. In *Zachair*, counsel was presented with the mother of all disgruntled former employees — the company's former general counsel. This witness knew his rights, knew his attorney-client obligations, and, most significantly, knew where the skeletons were buried. He was not tricked into offering testimony by subterfuge, and likely would have given the same information whether or not his former employer had been present to object. The Court was unmoved. It not only excluded the testimony provided by the former general counsel, it disqualified the lawyers who had obtained it!

### ***Ask For Guidance From the Court — As A Last Resort***

One thing is clear — when it comes to contacting former employees, nothing is clear. In *Re Aircrash Disaster*, 909 F. Supp. 1116 (N.D. Ill. 1995), offers some very good advice: "The attorney who seeks [prior] court approval does not risk an ethical violation, but one who does not acts at his or her own peril." But there is a very good reason you don't want to ask for approval in advance — the same reason all teenagers know by instinct — if you ask for permission you may not get it. So what do you do? It may not be the safest course, but you must sometimes put yourself in peril to zealously represent your clients. Research what your judge and district have allowed and decide whether and how far you can in good faith go with ex parte contacts. If you are before a judge who has opined against ex parte contacts, seek guidance; but if there is good authority — or no bad authority — ex parte on, Wayne.

Um, but don't blame us if your judge busts up the party.

# DISCOVERY

## You're On Un-Candid Camera

By Jerold S. Solovy  
and Robert L. Byman



If you put aside trifles like fast cars and slow summer days, what could be more satisfying than a truly successful impeachment? The business executive defending your antitrust suit claims she has never personally met with her competitors. She doesn't know you have a secret surveillance video showing her whispering into a competitor's ear in what they thought was a private room in a restaurant. The employee suing your client after a plant accident claims that his injuries have left him permanently disabled, preventing him from bending or lifting heavy objects. Your surreptitious video of him changing a flat tire will cause him more hurt than the accident. The union leaders in your unfair bargaining action maintain that the unions' conduct was above reproach. You can't wait to show the jury your video of angry shop stewards poking their picket signs in front of the windshields of cars of workers trying to cross the picket lines to report for work.

### **Good Impeachment Can Be Ruined If It Must Be Disclosed In Advance**

The impeachment value of these videos, of course, will be diminished – if not entirely lost — if you are forced to show your hand prior to the dramatic moment at trial. The executive, armed with the foreknowledge of the video, will suddenly remember, and tell the jury in direct testimony, that

she had a brief meeting with her competitor, and that she whispered into his ear to discretely point out that he was a zip short of being fully dressed; but other than the cost of the entrees, they never talked prices. The employee will testify that he has rare, occasional good days when, with great difficulty, he is able to do manual labor, such as the day when he had no choice but to change a flat tire so that he could drive to the hospital for treatment, which he sorely needed after lifting the tire. The union stewards will testify that they were nearly killed by reckless scabs speeding past the peaceful strikers, and that they waived their signs to try to slow them down.

There's no question – you want to keep your surveillance videos a well-guarded secret until the last possible moment, after you have let the testimony settle in and solidify, so that the impeachment effect is its most dramatic. But can you keep those surveillance videos secret and still meet your discovery obligations? There is a surprising lack of agreement among the courts.

In *Denty v. CSX Transp., Inc.*, 168 F.R.D. 549 (E.D.N.C. 1996), the court held that surveillance videos used solely for impeachment need never be disclosed or produced prior to trial, reasoning that impeachment evidence is not relevant and, therefore, not subject to discovery, until the other party puts forward testimony which requires impeachment. Since the disclosure

of impeachment evidence would impair the value of the impeachment, there is no right to advance notice. Other district courts have come to the same result on a policy level, adopting local rules spelling out that impeachment evidence is not subject to discovery or inclusion in pre-trial materials; for example, in Oregon, impeachment exhibits are to be marked, sealed, and delivered only to the court for subsequent use at trial. *See, e.g., MacIvor v. Southern Pacific Transp. Co.*, 1988 WL 156743 (D. Or. 1988).

But other courts have found that surveillance videos, despite their impeachment value, constitute substantive evidence which must always be produced in discovery like any other. *Chiasson v. Zapata Gulf Marine Corp.*, 988 F.2d 513 (5th Cir. 1993). Betty Chiasson alleged that she had suffered permanent injuries in a work related accident. During discovery, Chiasson asked her employer, Zapata, whether it had undertaken any surveillance of her. Zapata objected on work-product grounds but further answered that it had not. Later, however, Zapata conducted 129 hours of surveillance of Chiasson over a nine month period. Four of those 129 hours were videotaped, from which Zapata compiled a 27 minute set of highlights showing Chiasson sweeping her carport, working under her car, and entering a store and buying food, all activities she claimed she was unable to engage in because of her

accident. Zapata never supplemented its discovery answers, and the first Chiasson knew of the video was at trial.

The trial court denied Chiasson's requests to review the 27 minute excerpt in advance and to view the remaining three and one-half hours of tape. Chiasson won her case, but received a relatively small judgment. On appeal, the Fifth Circuit noted that it was the first Federal appellate court to address the issue (and, so far as we can tell, it remains the only). The Fifth Circuit reversed, finding that it was an abuse of discretion to admit the tape into evidence, because the video was substantive evidence which should have been produced in pretrial discovery.

### **The Majority View Is To Disclose Before Trial But After Deposition**

The majority (we hesitate to say majority, because so few decisions actually address these issues) view seems to fall between the extremes of never and always produce. A number of courts require pretrial disclosure, but permit parties to keep the existence of surveillance secret until after depositions have been taken and testimony is locked in. *Romero v. Chiles Offshore Corp.*, 140 F.R.D. 336 (W.D. La. 1992); *Snead v. American Export - Isbrandtsen Lines, Inc.*, 59 F.R.D. 148 (E.D. Pa. 1973). Other courts require that the fact of the existence of surveillance videos be disclosed

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prior to depositions, but that the actual videos may be withheld until after the deposition testimony. *Tennessee Gas Pipeline v. Rowan Cos.*, 1996 WL 592736 (E.D. La. 1996); *Smith v. Diamond Offshore Drilling, Inc.*, 168 F.R.D. 582 (S.D. Tex. 1996).

Let's review here. While some courts have drawn their lines to exclude pretrial production of materials to be used solely for impeachment, that is a distinction which finds no basis in the federal rules. Rule 26(a)(3) exempts materials intended solely for impeachment from the initial disclosure requirements, and the proposed amendments make it even more clear that impeachment materials need not be produced. But these are *initial* disclosure rules; they do not limit the discovery parties are permitted to request under 26(b), which provides for the discovery of "any matter" whether or not it is admissible and without regard to how it might be admissible.

You may decide as a matter of tactics that you will use your surveillance video solely for impeachment, but for the very reason that it provides such great impeachment value, it is almost certainly relevant to substantive issues in the case. The issue in the case is the extent of the plaintiff's injury; a video which depicts the plaintiff's ability to perform tasks is certainly relevant to that inquiry.

### ***Surveillance Videos Are Substantive Evidence – But They Are Also Work Product***

So the simple answer is that surveillance videos are substantive and should be subject to discovery. But not so fast. With rare exceptions, surveillance videos are work product. They are created, usually under your direct supervision, exactly because you anticipate using them as part of the strategic prosecution of your case. Shouldn't the work product doctrine be the simple answer to whether these materials must be produced in discovery? Not exactly.

"Ordinary" work product — generated simply because commissioned by an attorney — is entitled to less protection than

work which includes the attorney's mental impressions. *Upjohn v. United States*, 449 U.S. 383 (1981). As the weak sister of such materials, ordinary work product may be discovered whenever the other side can demonstrate substantial need or undue hardship. And a number of courts have found that an easy burden to meet. For example, *Smith v. Diamond Offshore Drilling, Inc.*, 168 F.R.D. 582 (S.D. Tex. 1996), found the standard satisfied because the video is only available from the party who obtained it to fix information as of a particular time and place under particular circumstances which cannot be duplicated. And *Boyle v. CSX Transp., Inc.*, 142 F.R.D. 435 (S.D. W. Va. 1992), observed that "it cannot reasonably be argued" that the work product doctrine precludes discovery of surveillance videos. Well, gosh. As we often remind our wives (to little avail), we are usually incorrect and frequently imperfect, but we are always reasonable. And we think it is reasonable to argue that the work product doctrine is a bit more difficult to dismiss.

It is undeniably true that a surveillance video — made surreptitiously — cannot be duplicated by the adverse party. But let's not forget what a surveillance video is — a peek into the life of the otherwise secrets of that adverse party. Who better than the plaintiff, who is living her own life, knows what she can and cannot do, what she has and has not done? We have a video of her sweeping her carport, but she was there. She already knows what she did. Her only substantial need or undue hardship from not seeing the video in advance of trial is her desire to have more time to come up with an explanation.

But if we feel that work product protection cannot so easily be lost, so too must we concede that the work product doctrine cannot be used as a blind from which to spring an unfair trap. We conduct surveillance in the first place because we suspect that the target is a liar. Why should we help these miscreants continue their dissembly of the truth by giving them notice that we have caught them in a lie? Because we

are adversaries. It is our job to be cynical. The court's job is a bit more neutral — and in truth each side has an equal incentive to fudge the truth. Just as a plaintiff might exaggerate her injuries, a defendant might try to minimize them by careful editing or the creation of a video record out of context. As observed in *Ford v. CSX Transp., Inc.*, 162 F.R.D. 108 (E.D.N.C. 1995), both sides are "just as likely to resort to chicanery." Even if you do not set out to create a misleading video, the prejudice of your advocacy may unwittingly splice the tape in something less than benign objectivity.

Because there is such a paucity of appellate guidance on this issue, and because the district courts have fashioned such a wide spectrum of views on the subject, we cannot give you any assurances. But there are several guidelines you ought to keep in mind. If there is any chance that one of your witnesses could be the legitimate subject of video surveillance, be sure to include requests for that material in your discovery. You will have a much better chance of obtaining it, or excluding it if it is not produced, if you have asked for it. Conversely, if you are met with such a request, do not simply state that no such materials exist, unless you are absolutely certain that you will not decide to create them later. Be sure to assert a work product objection to production. And remember your duty to supplement.

### ***Before You Create Video Evidence, Think Through The Possibilities***

Before you decide to conduct video surveillance, think through very carefully what the implications might be. Some courts will not require the production of materials that are not used at trial. *E.g.*, *Gibson v. National R.R. Passenger Corp.*, 170 F.R.D. 408 (E.D. Pa. 1997); *Fisher v. National R.R. Passenger Corporation*, 152 F.R.D. 145 (S.D. Ind. 1993). But others require the production of all surveillance material. *Bachir v. Transoceanic Cable Ship Co.*, 1998 WL 901735

(S.D.N.Y. 1998); *Daniels v. National R.R. Passenger Corp.*, 110 F.R.D. 160 (S.D.N.Y. 1986). While you may find a few minutes of video you like, if you create hundreds of hours of substantive evidence showing the plaintiff's pain and discomfort, you may have paid for the proof that makes the plaintiff's case. And before you conduct surveillance, you need to be extremely cautious and sensitive to whether you might be committing an independent crime or tort. We do not have the time here to address tissues such as invasion of privacy, trespass, and eavesdropping which arise from surveillance, but you had better make the time unless you want to do the time.

Above all else, if you hope to save your video surveillance to spring on your hapless opponent at trial, you had better talk to someone with whom the judge plays poker. If the judge's games include sandbagging, you may want to keep your cards close to your vest. If not, you should consider following what appears to be the mainstream by locking in the testimony at a deposition and producing the potential impeaching material prior to trial to insure that you will get to use it. Oh, and don't forget to put batteries in the camera.

# DISCOVERY

## Prepare Yourself

By Jerold S. Solovy  
and Robert L. Byman



As we get ready to start a major trial, we have gone back to read the depositions taken years ago. And as we read them, we are reminded of the old Chinese proverb “If you don’t know where you are going, you will be lost when you get there.” Luckily, it appears that our opponents are far more lost than we are, but there is blame enough to go around, and we suspect we are not the only lawyers who have reviewed a transcript and wished that we had known better where we were going when we were taking and defending those depositions.

### *Discovery Depositions Are Not Simply For Discovery*

Something like 95% of civil cases never make it to trial, so a like number of deposition transcripts probably are never critically reviewed. That is a blessing, since most of those transcripts will not stand well to scrutiny. Why not? Simple – most transcripts don’t live up to their potential. Because we have been provided with the right to take depositions as part of the discovery rules, we are lulled into thinking that they are discovery tools. So, we think, when we take a deposition, we want to discover facts with a broad brush and cull out the pearls later; when we defend a deposition, we want to prepare our witness to clam up, to keep the pearls hidden from view, to say as little as possible. Wrong. If you think of depositions merely

as discovery, you do not know where you are going – to trial – and you will be lost when you get there.

Enough – way more than enough – has been written on how to prepare witnesses for depositions. The commentators don’t always dispense uniform advice, of course. Professor James McElhane suggests that you should create a well-thought-out standard list of do’s and don’ts to give to all deponents as a handout in aid of your personalized preparation of the witness. “You will do a better job with the basics if you put it in writing and on tape, rather than making it something you do every time from rote memory.” “Preparing Witnesses For Depositions,” 78 *A.B.A.J.* 84 (June 1992). But Professor Janeen Kerper thinks differently – based on the Zen that when the student is ready the teacher will appear, she counsels “the lawyer should not give the witness a list of do’s and don’ts; she should wait for the opportunity to teach the witness a rule when that rule will solve an immediate problem.” “Preparing a Witness For Deposition,” 24 *Litigation* 11 (1998). Ah, well, the experts disagree on the best way to do it, but there is plenty of advice out there about how to prepare your witnesses for depositions. You can find articles from law school ethics professors – which tend to focus on ethical questions; you can find articles from litigation consultants – which tend to suggest the use of consultants and

technology such as video preparation; you can find articles by evidence professors – which tend to focus on the preservation of objections. Everybody has a list of preparation points. Advice on how to prepare the witness abounds, it fairly teems. But the *literature* is scant on how you should go about preparing yourself.

No, the problem is not that we do not know how to prepare our witnesses. The problem is that we do not know how to prepare ourselves. We do not think through carefully enough where we intend to go with a deposition and, too often, we are surprised to find we are lost when we get to trial.

The most common mistake made by lawyers taking depositions is that they limit themselves to discovery; they do not think of how they might actually *use* the transcript at trial. Lawyers defending depositions often make a bigger mistake; they consider how the transcript may be used against them (although, too frequently, they do not consider it well) – but they ignore the fact that they might someday need to use the transcript affirmatively.

Look, there are only four possibilities – there are two sides to the case; and for each side, either the witness will show up and testify at trial or he will not. So where are you going? If possibility (1) comes to pass – your witness comes to trial – your goal is that the deposition transcript never be used, because it

contains nothing impeaching. But in each of the other possibilities, your goal is to have a transcript that you can use affirmatively – to offer testimony helpful to your case for the no-shows, and to impeach the adverse witness. You will not reach any of those goals if you are in passive discovery mode during the deposition. You have to be thinking ahead to the trial.

### *Be Prepared To Correct Errors and Plug Holes Now*

We practice in a state where witnesses are not permitted to make substantive modifications to their deposition transcripts. Under Illinois Supreme Court Rule 207, the only change a witness can make to a transcript is to correct a stenographic error. And we like that procedure, because it saves us from possible sloppiness. Some lawyers, more familiar with the federal practice (F.R.Civ.P. 30) that permits witnesses to review the transcript and make changes, both technical and substantive, use that latitude as a crutch – there is no need to be careful at the deposition, they reason, since the witness can carefully review the testimony in print at a later date. But there are some obvious problems with that. If the witness is lazy or unavailable, the changes may never be made. And even if they are made, the original transcript stands and will still have impeachment value. Far better to get it right the first time than to rely on the ability to change later.

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### ***Be Prepared To Preserve Helpful Testimony At The Deposition***

Many lawyers have a standard practice to never ask their own witness a question at a deposition. Why should you, they reason, ask anything that might give an opponent a preview, since you will have ample opportunity to ask your own questions later at trial. Maybe. No matter how certain you are at the time of the deposition that your witness will appear live at trial to explain away problems, fill in gaps in testimony, and offer the affirmative story which is critical to your case, there is no such thing as a sure thing. Friendly witnesses turn hostile; corporate employees move on to other jobs, other commitments; people become incapacitated. The deposition transcript may be the best — it may be the only — form by which you can present the testimony of your witness when the time comes for trial. And if you are not prepared to make that transcript all it needs to be, you and your case will be lost when you get to trial.

We are not suggesting that you should be prepared to put on the entire direct examination of your witness during your opponent's discovery. It is a judgment call — and a complex call at that — whether to tip your hand or to preserve affirmative testimony during the defense of a deposition. But don't make that call by default without so much as thinking about it. If there is some critical fact which cannot be proven but for this witness, or if there is some substantial damage done to this witness which could be fixed with a little rehabilitation, you had better be prepared to do it now. In order to be in a position to do that, you have to know where this witness fits into your eventual trial plan. You cannot wait to formulate that plan until after discovery, because by then it may be too late.

When you take the deposition, however, you have no judgment call dilemma — you want the testimony, plain and simple. Exactly — plain and simple. You have all the material you want — but it is interspersed among 800

pages of transcript a snippet at a time. Be prepared to sum up the highlights before you adjourn. You may draw an asked and answered objection, but you have nothing to lose and everything to gain if you can create a simple, coherent bit of testimony that can be read to the jury as a unit without substantial editing.

### ***Be Prepared To Avoid Impeaching Your Own Witness***

The trap too many lawyers fall into is that they look at a deposition in microcosm, a self-contained battle to be won or lost. If the only issue is the deposition, you win by making your witness as uncooperatively uncommunicative as possible; you win by disrupting your opponent's flow and objecting to nearly every question. But in real life, you probably lose.

We know lawyers who view the making of objections at depositions in much the same way as dogs view objects dropped on the floor. The dog will invariably snarf up any target of opportunity on the theory that it might be food and can always be spit out if it isn't. Some lawyers invariably object to every question on the theory that the objection might, just possibly, be a good one, and it can always be withdrawn if it is not. Ah, but there may be consequences. If the deposition is videotaped, the best the frequent objector can hope for is that one or two objections will be sustained; the rest will be edited out of the transcript. The effect is, from a video impact perception, a disaster. Your witness will not merely be subjected to whatever substantive impeachment is in the transcript. Instead, the jury will see the tape roll. A question will be asked. There will be a break in the tape and the witness' eyes invariably will go through some sort of shift as a result of that break. The net effect is that you will have created a record in which your witness looks like someone who can never give a direct answer to a direct question.

Even with standard transcript, what will you accomplish by impressing the judge with the conclusion that you make silly, improper objections? Be prepared

to limit yourself to good objections.

Lawyers who want to win the deposition battle and who do not think about the trial war frequently prepare their witnesses to be combative, wary, and uncommunicative. The witness will profess not to understand the most simple of terms; the witness will argue with the examiner; the witness will profess a total lack of recollection. All of these may feel good at the moment, and all of them will be devastating when used as impeachment at trial. It is the crutch of the unprepared lawyer to prepare witnesses to answer evasively and equivocally — the witness so prepared may not give up any major ground at the deposition, but at the cost of having to explain those equivocations at trial.

Deponents are not required by rule to do homework in preparation for a deposition — and many lawyers specifically prepare witnesses by telling them not to bone up on the facts. But if not required by rule, logic requires that deponents be fully prepared. A witness may not give up anything at the deposition by saying "I don't know" and "I don't recall" — but he will have hurt himself greatly when he tries at trial to express confident knowledge in response to the same questions. The well prepared lawyer must know what that witness may have to say at trial and prepare her witnesses to relate the full set of facts at the deposition.

### ***Once You Are Prepared, You Can Properly Prepare Your Witnesses***

All the articles on preparing witnesses, all the do's and don'ts lists, all the advice, really come down to two basic rules for good witness preparation: Listen to the question; and answer it truthfully and completely. But add this third rule: Don't presume to embark on witness preparation until you have prepared yourself. What is your trial strategy? What facts will you need to prove? What facts does this deponent have to sponsor? Where are you going? To trial. Be sure you know where you are when you get there.

# DISCOVERY

## Falling Off A Privilege Log

By Jerold S. Solovy  
and Robert L. Byman



The document requests are addressed to you, as the senior litigator on the case, but fat chance that you are going to personally slog through a million documents. You scribble a note to your junior partner: “Barb — take care of these requests; make sure we do a privilege review, and let’s be sure that we get this done within the thirty days so that we can press for an early trial date.” Within moments of the interoffice delivery to her, Barb is jotting her own note, forwarding the requests on to the associate charged with document matters. “Bob — Jerry’s note is self-explanatory; be sure we don’t waive any privileges, but get cracking on production.”

Bob assembles the paralegals and gives them their instructions: “Our jobs are on the line if we blow a privilege, so if there is any chance at all that a document is privileged, I want it set aside and put on our privilege log. Here is a list of the client’s in-house and outside lawyers. Any document that mentions one of those people needs to be on the log. Moreover, if you see that a document is authored, addressed to, or copied to someone whose identity you do not know, list that too, just in case that unknown person is a lawyer. Be sure to keep the descriptions of the documents general so that we don’t waive a privilege by giving too much detail. If we waive a privilege, we can never get it back; if we designate too much on the

privilege log, we can always take it off later.”

The paralegals work round the clock, and assemble and index a million pieces of paper. Of these, they identify 40,000 pages — a mere four percent — that are, could be, might be privileged. They prepare a log that lists each of these by Bates Number, date, author, recipient, and a general description — giving away nothing — such as “letter re negotiations.” Bob reads every entry in the 40,000 document log; he bucks the log up to Barb, who reviews it and sends it to you for signature. You are confident that you have not waived any privileges.

***A Privilege Is A Privilege,  
Not A Right;  
It Must Be Properly Asserted***

You live in a fools’ paradise. Too many lawyers think that they can paint claims of privilege with a broad brush and sweat the details later. But the courts appear to be becoming increasingly troubled with that approach, and you may find that you have waived genuine privileges by asserting dubious ones.

In the Minnesota Tobacco litigation, *Minnesota v. Phillip Morris, Inc., et al.*, 1998 WL 257214 (D. Minn. 1998), the defendant tobacco companies produced more than five million documents (comprising thirty-three million pages), of which 200,000 — roughly four percent — were claimed as privileged. The volume

of the production was staggering, and it was understandable that there were practical difficulties with preparing a detailed log of so many individual documents, so sweeping claims of privilege were made, lumping the documents into broad categories for which privilege was asserted. Understandable, but not good enough. The privilege was not apparent for many of the documents from the face of the logs. The court conducted a small sampling — 800 of the 200,000 documents — for *in camera* review. When it found that privilege had been improperly asserted for certain samples of a category, it ordered that the entire category be produced.

Defense counsel were outraged. *See Mulderig*, “Tobacco Case May Be Only the Tip of the Iceberg for Assaults on Privilege,” 67 *Defense Counsel Journal* 16 (2000). Counsel argued that the procedure adopted by the Minnesota court “created an unprecedented incursion on defendants’ due process rights when it permitted privilege [to be waived] without ever reviewing the vast majority of the documents at issue.” *Id.* at 30. Good advocacy, nice try, but it didn’t work with the Minnesota court, and it does not work for us. No due process right is attached to the attorney-client privilege. It is a privilege that must be properly asserted and that is waived if not. That’s the point. The person asserting the privilege must assert

and prove the right and cannot shift the burden to the adverse party or to the court.

***It Is A Fatal Mistake To Say  
Too Little – Or To Include  
Too Much — In A Log***

Tobacco counsel committed the joint sins of underdescription and overinclusion: they submitted a log that was inadequate to show on its face that a valid claim of privilege was asserted; and when the court allowed *in camera* review — something many courts allow out of charity to excuse the first sin — counsel committed the second and inexcusable sin of including documents on the log that are not truly privileged. Counsel thought that they were entitled to document by document *in camera* review, so that the real privileged documents would be protected even if they tried and failed to get protection for other dubious documents. Wrong. To insure that there was no mistake in articulation, the court put its opinion in all caps: “ABUSE OF PRIVILEGE AND VIOLATION OF THE RULES OF COURT ARE, THEMSELVES, SUFFICIENT GROUNDS TO ORDER RELEASE OF DOCUMENTS.” *Minnesota v. Phillip Morris, Inc., supra.* at \*6.

Any party seeking to withhold materials from discovery — a right which is narrowly construed because it conflicts with the overriding principle of full discovery — bears the burden of establishing the essential elements

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of privilege. *United States v. Evans*, 113 F.3d 1457, 1461 (7<sup>th</sup> Cir. 1997). To establish privilege, the withholder must show a communication between a legal professional and a client involving legal advice made in confidence. *Id.* Once those burdens are met, the burden shifts to the party seeking production to overcome the protection, either by showing that the privilege has been waived, or by showing one of several limited exceptions, such as crime fraud. But the burden cannot be met simply by saying “I have here a privileged document.” Nor can the burden be met by saying “I have here so many privileged documents that I don’t have time to properly describe all of them.” The privilege must be established on a document-by-document basis; a blanket claim will not suffice. *United States v. White*, 970 F.2d 328, 334 (7<sup>th</sup> Cir. 1992); *In Re General Instrument Corp.*, 190 F.R.D. 527, 529 (N.D. Ill. 2000). If you need more time, get it. But you need to take the time to adequately assert any privilege you hope to preserve.

If your log contains entries like “Letter re contract negotiations,” have you met your burden? No. Not even close. How can the judge tell from that entry whether the document contains a privileged communication? The letter might be nothing more than a description of negotiations which are not privileged; it might simply be a cover letter describing the date and the attendees of the negotiation session. It might be anything. To meet your burden, you have to provide a description which, when read, establishes privileged content: “Letter seeking advice of counsel with respect to contract negotiation strategy.”

Even where the descriptions are adequate, the log also has to let the reader know that the confidentiality of the communication has been maintained. A log which shows that the author was the client and the recipient was the lawyer is great, but if the document was copied to twenty other persons, it is not apparent that the communication was in confidence unless and until you explain the

circumstances for those other people receiving copies.

This is absurd, you are thinking. It is simply too complicated and too much work to go to this kind of detail, and many cases do not cost justify such detailed work. Maybe so, but don’t expect the courts to be sympathetic. In *Cabot v. United States*, 35 Fed. Cl. 442 (1996), counsel made the eminently practical and reasonable plea that “given the amount in controversy, plaintiffs have sought to approach discovery as economically as possible” to justify their failure to prepare detailed logs. The court was not moved. “Although it may be time consuming to assert the attorney-client or work product privilege in a document intensive litigation such as this case, . . . Plaintiffs’ purported claims of privilege are deemed untimely and will not be entertained.”

#### ***You May – But You Cannot Be Sure To – Get a Second Chance***

What’s that? Just because the logs should have been more detailed, the privilege is blown? Yep, that’s right. Now, most courts will fire a warning shot across the bow. Most courts will give you a second, or even a third chance to amend descriptions in a privilege log to establish the privilege. Most courts. But lawyers who rely on the charity of the courts had best be sure to keep their malpractice policies current. In the district in which we practice, there is one particular Magistrate Judge who has published a significant number of well reasoned and articulate decisions outlining what he expects to see on a privilege log. And while the judge has allowed plenty of latitude and second chances, he has rejected claims of privilege not properly asserted; likewise he has declined to allow eleventh hour requests for *in camera* review to correct deficiencies which could have been addressed with a better effort on the log. *See, e.g., In Re General Instrument, supra; International Surplus Lines Insurance Co. v. Willis Corroon Corp.*, 1993 WL 13468 (N.D. Ill.)(Bobrick, J.); *Allendale Mutual Insurance Co. v. Bull Data*

*Systems, Inc.*, 145 F.R.D. 84 (N.D. Ill. 1992). It is not hard to detect in these opinions a growing impatience with the same old excuses. It would be foolhardy — at least with this Magistrate Judge — to provide a privilege log that flaunts the extensive body of his published views. He has given litigants second and third chances, but no future litigant should expect such continued largess.

The caution goes beyond any particular judge with published views. Your client has not hired you for your ability to find judges willing to give second chances; you have been hired because your client expects and anticipates that you will, for the most part, do things right the first time. And it is wrong to supply a privilege log which is sketchy, inadequate, or claims privilege where no privilege is legitimate.

District courts have enormous latitude and discretion to resolve discovery disputes. And while some lawyers may think that the attorney-client privilege rises to Constitutional stature, it does not. A finding of waiver of the attorney-client privilege is reviewed, like all other discovery matters, under an abuse of discretion standard. *See United States v. Bilzerian*, 926 F.2d 1285, 1293 (2d Cir.), *cert. denied*, 502 U.S. 813 (1991); *Dorf & Stanton Communications, Inc. v. Molson Breweries*, 100 F.3d 919 (Fed. Cir. 1996).

#### ***If You Want To Preserve The Privilege, Take The Time To Do It Right***

So, let’s face it. When you got those document requests, it was all well and good to instruct your juniors that they should not seek any additional time to respond to the discovery requests, but it was and is more important to do it right than to do it quickly. The best legal advice ever given occurred during the trial of the Knave of Hearts in Alice in Wonderland, when the White Rabbit asked “Where shall I begin, please Your Majesty?” and the King replied “Begin at the beginning and go on till you come to the end; then stop.” The Federal Rules give thirty days for

document production, whether the process in your particular case needs one day or one hundred. Thirty days is an average, not a commandment. If the work needs more time, file a motion and get more time; but do the work right.

To do it right, your log has to stand on its own. Any reader who picks up the log needs to have a sense that every entry establishes a valid privilege. If it does not, the log is inadequate and the court may or may not give you a second chance to correct that mistake.

And if the court gives you a second chance by looking at the documents *in camera*, heaven help you if you overreach. Some courts will be understanding if you have claimed privilege for documents that are not privileged; but some will not. In many areas of our practices, we go to extremes out of an abundance of caution to make sure that we do not give anything up. But when it comes to privilege logs, such extremes may be counterproductive. When you assert a privilege, you must do it correctly, and you must do it appropriately, or you may blow the entire process. It’s as easy as falling off a privilege log.

# DISCOVERY

## Pay To Play

By Jerold S. Solovy  
and Robert L. Byman



Newton's Third Law – “For every action, there is an equal and opposite reaction” – has a corollary: “For every expert, there is an equal and opposite expert.” You have found the leading expert in the field. His academic and practical credentials are impeccable, and once the needs of your case were explained carefully to him, he has found that he is able to proffer precisely the opinion you need to win your case. Yet your dastardly opponent, in answers to expert interrogatories, advises that she has identified an expert with similarly impressive qualifications who will opine to the contrary. Before you ask the first question, you can bet the ranch that you will learn little more in the opposing expert's deposition than that the adverse expert believes your expert is mistaken and the correct answer is black, not white. And here's the rub: to get this predictable, preordained testimony, you may have to pay for the privilege.

### ***We Forget That Rule 26 Requires Reimbursement of Expert Fees***

Because we live in a world in which the use of expert witnesses is often tit for tat, we rarely focus on the fact that the Federal Rules require that the party who takes expert discovery must pay the opposing expert a reasonable fee. The right to seek such fees has become a useless appendage, allowed to waste away through disuse; we have let the right wither because expert expenses more

often than not are roughly identical for each side and any reimbursement would be a wash. What's the point of asking for reimbursement when to do so would not lead to any meaningful recovery? So we ignore the federal rules, but they are there, lurking. Most of us ignore the rule so frequently that we are caught short when an opponent has the actual temerity to present a bill for her expert's time. But the rule is mandatory. Rule 26(b)(4)(C) states that, absent manifest injustice, “the court *shall* require that the party seeking discovery pay the expert a reasonable fee for time spent in responding to discovery.” And there are times, such as when one side has significantly more – or more expensive – experts, when it may make sense to invoke the rule. But before you make the rational decision not to seek reimbursement, you must be aware of the rules so that you do not find yourself the victim of a one-sided exchange.

It is clear that reimbursement is limited to the deposition and its environs, and does not encompass the preparation of the expert report or responding to expert interrogatories. See *McClain v. Owens-Corning Fiberglass Corp.*, 1996 WL 650524 (N.D. Ill. Nov. 6, 1996); 8 Wright, Miller, & Marcus, *Federal Practice and Procedure* § 2034 (1994). But because the rule is written to require payment “for time spent in responding to discovery” rather

than for any particular task, it is equally clear that the rule encompasses more than merely enduring the deposition. What then? Various courts have grappled with whether compensation is available under the rule for such things as preparation, travel, or transcript review time in addition to the actual taking of the deposition. And the courts have been anything but uniform in their approach.

### ***The Expert Is Entitled To A Fee For Preparation And Travel***

A number of courts (largely in the Seventh Circuit) conclude that “most courts” do *not* allow compensation for expert deposition preparation in relatively non-complex cases. See *M.T. McBrien, Inc. v. Liebert Corp.*, 173 F.R.D. 491 (N.D. Ill. 1997); *Rhee v. Witco Chem. Corp.*, 126 F.R.D. 45 (N.D. Ill. 1989). But whoever counted in the Seventh Circuit should check tallies with courts (in the Second Circuit) that believe that the “weight of authority” and “most courts” *do* allow preparation time. See *EEOC v. Johnson & Higgins, Inc.*, 1999 WL 32909 (S.D.N.Y. Jan. 21, 1999); *Magee v. Paul Revere Life Ins. Co.*, 172 F.R.D. 627 (E.D.N.Y. 1997). This debate aside, there seems to be agreement that compensation is uniformly permitted for preparation in complex matters, where the expert cannot be expected to give deposition testimony without extensive review and preparation

of the complex facts and opinions. See, e.g., *Collins v. Village of Woodridge*, 1999 WL 966455 (N.D. Ill. Oct. 19, 1999).

There is some angst over requiring the deposing party to pay for preparation time for the obvious reason that both sides benefit from preparation. Getting an expert ready for her deposition goes a long way to preparing her for eventual trial testimony. If your opponent will be forced to pay the tab, why not pile on the preparation? Ah, but the rules require only a “reasonable” fee, not a blank check. So how much time is reasonable to prepare for a deposition? The problem is that “reasonable” is in the eye of the beholder.

Is it reasonable to assume that there should be some relationship between preparation time and the length of the actual deposition? Well, no – how can you or your expert know in advance how long the deposition will take? The witness must be prepared to answer whatever is thrown at her, and must prepare accordingly. See, e.g., *EEOC*, 1999 WL 32909, at \*2. But having said that there should be no lockstep relationship between preparation and deposition time, courts must find some way to determine what is and is not reasonable and are often forced to make arbitrary – and sometimes sweeping – deductions. For example, in *EEOC*, the court was uncomfortable with twenty-three hours of preparation, and cut the amount of time by ten hours.

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Why was 23 hours too much but 13 hours was just right? Why, for the same reason that Goldilocks found the first bear's porridge too hot – she simply thought so. The court made no – how could it have? – analysis of why 10 hours was a reasonable deduction, apart from the obvious fact that 10 is a nice round number. Similarly, in *Collins*, the court cut the preparation time, which was three times the amount of deposition time, in half. There is no way to discern any reason for that cut, other than that “half” is an easy mathematical concept for people whose undergraduate degrees tend to be in political rather than applied sciences.

It is unusual in today's society to find an expert in your own city. More often than not, someone is going to have to travel for the deposition. And the location of the deposition – not the expert – may determine whether and to what extent you can recover for her travel costs. In *McBrian*, opposing counsel was located in St. Louis; defending counsel was located in Chicago; the witness was located in Minnesota. No matter which location was chosen, at least two people were going to have to get on airplanes. Not unreasonably, the deposition was held in the mid point, Chicago. But that decision proved fatal to the recovery of the expert's travel expenses. The court reasoned that it was unreasonable to charge the deposing party for the expert's expense to travel to defending counsel's office – and presumed convenience. Had the deposition occurred in Minnesota, there would have been no reimbursable travel expenses; had the deposition occurred in St. Louis, at the convenience of the deposing party, the expenses presumably would have been recoverable.

In their handling of travel reimbursements, courts have shown a ferocious fecundity to tinker. We have a partner who, no doubt because of her extensive agricultural background, likes to say “pigs get fed, hogs get slaughtered.” Nothing could be more true in the arena of expert reimbursement. In *EEOC*, 1999 WL 32909, at \*3, the court reviewed a number of claims for

reimbursement from a number of different experts, all of whom were required to spend evenings in New York City, a place where accommodations are not exactly cheap. One witness stayed at the Sheraton, at \$280 a night. Another witness stayed at a place somewhat more upscale, at \$485 a night. The court found the latter rate exorbitant, and decided to disallow a portion. But rather than cut it back to the same rate of \$280 which it found reasonable, it apparently decided to impose a penalty for overreaching, and slashed the bill a bit more, allowing only \$200 per night.

### ***Pigs Get Fed, Hogs Get Slaughtered***

The same tinkering occurs with the most basic question – the expert's hourly rate. It is important to note – as many courts have – that the rule does not require or insure “that an adverse expert will be paid his heart's desire, but that he will be paid ‘a reasonable fee.’” *Anthony v. Abbott Labs.*, 106 F.R.D. 461, 465 (D.R.I. 1985). Although we are not sure that it would happen in practice, the *EEOC* court spelled out the theoretical problem with allowing an expert to set his own rate of compensation. Wealthy parties could agree to pay exorbitant fees to their own experts in an attempt to prevent or intimidate their less well-heeled adversaries from taking expert discovery. *EEOC*, 1999 WL 32909, at \*4. The court is not bound by any agreement between counsel and the expert, but must itself determine what is reasonable in the specific circumstance.

So, for example – despite a contract that pays the expert his normal hourly rate for travel – several courts have found it is unreasonable to charge the same rate for travel and for actual deposition time, and have simply cut the travel rate in half or by some other similar measure. See *Grdinich v. Bradlees*, 187 F.R.D. 77 (S.D.N.Y. 1999); *Draper v. Red Devil, Inc.*, 114 F.R.D. 46 (E.D. Ark. 1987).

Hogs get slaughtered. When experts attempt to charge a higher rate for responding to discovery

than is charged for time spent for the contracting party, it is easy – if not inevitable – for the court to conclude that the fee is unreasonable. And high rates rate high scrutiny. \$350 per hour charged by a psychiatrist was unreasonable and cut to \$250. *Magee*, 172 F.R.D. at 646. \$400 for an internist is too bitter a pill to swallow; \$250 is just what the (juris) doctor ordered. *McClain*, 1996 WL 650524, at \*4. A \$450 an hour psychiatrist is insane; \$200 is more rational. *Goldwater v. Postmaster Gen.*, 136 F.R.D. 337, 340 (D. Conn. 1991). The court couldn't pass on \$1000 an hour for a pediatric urologist, but \$750 flowed easily. *Brew v. Ferraro*, 42 Fed. R. Serv. 3d 128, 137 (D.N.H. 1998). Go figure. There is no objective standard. The courts simply adjust by Kentucky windage. Ask for too much, and you are likely to get cut.

But at least one expert convinced a court that a surcharge (from \$350 to \$450) over standard billing rates was justified because the expert anticipated that he would have to spend approximately twenty minutes in review of his deposition transcript for each hour spent in the actual deposition. *Brew*, 42 Fed. R. Serv. 3d at 133-34. The court found that review of the transcript was a necessary task to respond to discovery and that a request for payment in advance for review time was not unreasonable; the surcharge was allowed.

A few things become somewhat clear from a review of otherwise unrelated and murky opinions. When you submit a request for expert reimbursement – usually at rates north of \$300 an hour – to hardworking judges whom Congress has decreed are to be paid a fraction of their worth, it should not surprise you that those judges may find ways to pare down the request. Any request which seems to overreach is likely to be slapped down. And any request which is not adequately documented is likely to be rejected. To get reimbursement, the expert must keep accurate time records which clearly establish the amount of time spent related to discovery as opposed to other

tasks. See, e.g., *McClain*, 1996 WL 650524, at \*4.

### ***You May Decide Not To Invoke The Rule, But Know How It Works***

More often than not, because the issue of reimbursement of witnesses will be a wash – or, worse, it will actually cost your client more to brief and argue requests for reimbursement than the amount of potential recovery – you will not seek expert fees. But to make sure you are not sandbagged, it might be a good idea to seek an agreement in advance – once both sides know that they have approximately equal and opposite amounts at risk – that neither side will hit the other with a request for reimbursement. If you have more costs than the other side, you may well decide to seek reimbursement. If so, make sure your expert details the amount of time spent specifically in response to requests for discovery from the other side; be prepared to give up a bit of convenience on the location for the deposition in return for being able to stick the bill to the other side; and when you submit the request for reimbursement, do not be piggy – ask for a reasonable amount or make reasonable deductions in advance.

# DISCOVERY

## Opponent Deponents

By Jerold S. Solovy  
and Robert L. Byman



If it has not happened to you yet, don't worry, in the fullness of time it will. You, Conan the Litigator, Master of the Deposition, Wielder of the Subpoena, will find yourself hectoring by your own weapon. Your unprincipled opponent serves you with a subpoena to give a deposition in the case in which you have appeared as trial counsel. And after your partners have helped scrape you off the ceiling, after you have calmed down sufficiently to recall that English, not expletive, is your native language, you need to know a few things about resisting — or submitting — to the same procedure you so frequently impose upon others.

We are not talking about an attempt to depose you in a case in which you are not involved. We lawyers are no more immune to giving non-privileged testimony in matters in which we are mere observers than any other class of persons. Yet when we are involved in the litigation, an attempt to make us witnesses presents obvious problems. There are all sorts of reasons why our litigation opponents may try to take our depositions. Some are legitimate, some are bald tactical ploys, some are sideshows, but all are irritating. But the fact is that the very nature of commercial litigation often creates situations in which the lawyer representing a party actually does have knowledge — discoverable knowledge — of relevant facts.

You are trial counsel in a patent infringement action; but you also prosecuted the patent. You represent the defendant in a lease dispute; but you also represented your client in the negotiation of the lease. As part of your pre-filing investigation of an accident, you interviewed three now deceased witnesses; only you know what they had to say. You get into a dispute over evidence spoliation; the issue is a sideshow — but you may be the only person who can give the factual testimony to resolve the issue. In each case — and in countless similar scenarios, you have relevant — and maybe discoverable — knowledge.

### *Of Course, You Do Not Want To Be A Deponent*

What's the big deal? What's wrong about just sitting for deposition and getting it over with? Well, a couple of things. First, it *is* disrupting. There is a reason there are so few successful player-coaches — it's hard to do two things well at the same time. Second, if you give a deposition you might actually say something that leads to trial testimony, and that really is a problem, since it raises all sorts of ethical and practical issues on whether you can continue as trial counsel. But most of all, though you may not want to admit it, you ought to be terrified of having to give a deposition because odds are you will be a lousy deponent. We speak from painful experience: Lawyers make the absolute worse

deposition witnesses. [One of the nice things about co-authoring this column is that a confession of sins can be at least slightly anonymous. This actually happened to *one* of us — but we aren't going to tell you which one.] During a deposition, with no question pending, lawyer-author A actually blurted out "Look, stop asking me these silly questions. Let me just tell you what really happened." After a three minute narration, idiot-lawyer-author A was subjected to three additional hours of examination picking apart every volunteered, ill-considered word of that speech. You are probably smarter than we are. But maybe not. So tread carefully.

### *But You Can't Hide From A Subpoena Behind The Attorney-Client Privilege*

You might think that you could abort the deposition with an affidavit reciting that you have no knowledge not within the attorney-client privilege. But you would think wrong. The courts recognize that privileges can be waived and that the propriety of questions can seldom be determined until they are addressed in a real-time context. So blanket attempts to quash an attorney's deposition on the ground that there is no non-privileged information usually go down in flames. *In re County of Orange*, 37 F. R. Serv. 3d 1214 (U.S. Br. C. S.D.N.Y. 1997); *Niagra Mohawk Power Corp. v. Stone & Webster Engineering*

*Corp.*, 125 F.R.D. 578 (M.D.N.C.). The privilege issue must be addressed question by question. But there may be other ways to head off the deposition.

When considering whether and to what extent attorneys involved in litigation may be subjected to depositions, there are two fundamental — but totally inconsistent — guiding principles. "Nothing in Federal Rule of Civil Procedure 30(c) exempts a party's attorney from being subject to a deposition." *Evans v. Atwood*, 1999 U.S. Dist. LEXIS 17545 (D.D.C. 1999); *Dowd v. Calbrese*, 101 F.R.D. 427 (D.D.C. 1984). But "as a general matter attorney depositions are disfavored." *Shelton v. American Motors Corp.*, 805 F.2d 1323 (8th Cir. 1986); *United States Fidelity & Guaranty Co. v. Petroleo Brasileiro S.A.*, 2000 U.S. Dist. LEXIS 12669 (S.D.N.Y. 2000).

The Eighth Circuit's opinion in *Shelton v. American Motors*, 805 F.2d 1323 (8th Cir. 1986) is the leading authority addressing the circumstances under which trial counsel may be deposed. The *Shelton* court found that the deposition of an opposing counsel should be permitted *only* if three conditions are met: (1) no other means exist to obtain the sought after information; (2) the information is both relevant and not privileged; and (3) the information is critical to the discovering party's trial preparation. That standard — in the hands of a court looking for a

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reason to quash an attempt to depose counsel – can be a heavy standard to meet.

In *Simmons Foods Inc. v. Willis*, 195 F.R.D. 625 (D. Ka. 2000), Snyder had represented Simmons, a secured party, in bankruptcy proceedings involving a debtor in possession, whose law firm was Willis. Simmons agreed to accept a plan of reorganization based at least in part upon what Willis told Snyder – and Snyder passed on to Simmons – about the collectability of certain assets. When it turned out that the assets were not as robust as Simmons anticipated, Snyder brought a fraud action on behalf of Simmons against Willis. Not surprisingly, Willis deposed Simmons to find out what Snyder had passed on. But Simmons invoked the attorney client privilege and refused to answer; so Willis tried to depose Snyder, who moved for a protective order. [Okay, got that? Sorry this is complicated, but we just read the cases, we don't write them.]

Willis asserted that it met the three *Shelton* tests to obtain Snyder's testimony: it was not possible to get the information from another source because the only other party to the communication – Simmons – had refused to testify; the information was not privileged because, Willis argued, there was a waiver; and the information was critical to pre-trial preparation. The Court pretty much agreed. Simmons had refused to answer; the court agreed that there was a waiver of the attorney-client privilege; and the information was critical. But Snyder still did not have to submit to a deposition, because the information he had was obtainable from another source. The court found that the proper remedy was to move to compel answers from the client, not to proceed with the deposition of the attorney.

***You Are Less Likely To  
Have To Submit To  
A Deposition If You  
Are Counsel Of Record***

In deciding whether attorneys must submit to discovery, the courts make an important — and understandable — distinction

between players and kibitzers. Most courts assume that attempts to depose trial counsel are consciously designed or unconsciously bound to disrupt trial preparation out of all proportion to the need to discover facts. But the same considerations are not present for non-trial counsel, such as in-house counsel who are assisting with the litigation.

In *Evans v. Atwood*, 1999 U.S. Dist. LEXIS 17545 (D.D.C. 1999), the Court acknowledged the *Shelton* standards and “the courts’ reluctance to allow parties to depose opposing counsel.” But the *Evans* court found that those concerns are not “substantially implicated” where the counsel to be deposed is not active trial counsel.

We would have liked to have been flies on the wall for this one. A week before the discovery cutoff in what we can only presume was contentious litigation, the plaintiff served a subpoena for the deposition of defendant's in-house counsel, Mr. Hanley, who had been actively assisting with the litigation and who had attended most of the earlier depositions. The following day, plaintiff countered by serving a subpoena on defendant's lead trial counsel, Mr. Whelan. Cross motions to quash were filed. The Magistrate Judge found that there was an important distinction between in-house counsel who had not filed an appearance — despite the fact that in-house counsel was clearly involved in the litigation — and outside counsel. Different strokes for different folks? You bet. The only standard for non-trial counsel, Mr. Hanley, was whether he had discoverable knowledge; but “Mr. Whelan, as opposing counsel — rather than in-house counsel — is protected from deposition absent the meeting of strident standards.” *The Davis Company's Inc. v. Emerald Cassino Inc.*, 2000 U.S. Dist. LEXIS 7867 (N.D. Ill. 2000). Now, that's what the court held. But because of defects in the subpoena issued to Mr. Hanley, the Court ordered that neither deposition go forward. The cynical reader could conclude that despite the articulation of different rules, the result some courts will

stretch for is the same under either rule – formal appearance or not, lawyers involved in trial preparation shouldn't have to give depositions. At least where gamesmanship is afoot.

***“When A Party Employs A  
Counsel . . . [Who] Has Played A  
Role In The Underlying Facts, . . .  
[You] Have Every Reason To  
Expect That The Attorney's  
Deposition May Be Requested”***

But other courts have not been so quick to find ways or use the *Shelton* factors to shield attorneys from discovery. In *Amicus Communications, LP v. Hewlett Packard Company, Inc.*, 1999 U.S. Dist. LEXIS 20901 (D.D.C. 1999), the court refused to enter a blanket protective order to head off the deposition of lead trial counsel. “When a party employs a counsel to represent it in a case where an attorney has played a role in the underlying facts, both the attorney and the party have every reason to expect that the attorney's deposition may be requested.” In ordering that the deposition go forward, the Court observed that *Shelton* arose in the context of an attempt to depose a lawyer who had no factual, prelitigation knowledge relevant to the pending action. The issue, then, is whether prelitigation knowledge makes trial counsel fair game. And the answer is that it probably does.

Our focus in these columns is on discovery, but there are both practical and ethical rules you must assess before you accept litigation representation. If you played a prelitigation role in the facts, you should – you must – consider and fully vet the possibility that you will be the subject of discovery and maybe even trial testimony.

***You Won't Like It, But  
Don't Be Surprised  
When Deposition Happens***

Okay, let's review. The fact that you are an attorney may let you sit in those more slightly more comfortable seats in front of the bar when you come to court, but it does not necessarily mean that you are exempt from the discovery you so willingly wage on ordinary citizens. If you are counsel of

record in a case, and if you have no prelitigation knowledge of the case, you can be reasonably assured that the courts will have some sympathy and make your opponent meet a heavy burden before you are deposed. But you have no immunity. And if you are not counsel of record, or if you have prelitigation factual knowledge relevant to the litigation, you are far less likely to convince the Court you should not have to submit to a deposition.

Part of your early litigation strategy should be to consider the likelihood that you may become a discovery witness. You should look for ways to avoid that possibility by ensuring that your opponent has alternate sources for the same information that you might possess. But you should not be surprised — and above all else you should not let your client be surprised — by the fact that you may end up having to give testimony.

# DISCOVERY

## An Ounce of Protection

By Jerold S. Solovy  
and Robert L. Byman



When Ben Franklin observed, in Poor Richard's Almanac, that "an ounce of prevention is worth a pound of cure" he could not possibly have been thinking of 21<sup>st</sup> century litigation. But 21<sup>st</sup> century litigators must surely be thinking of old Ben when they embark upon commercial litigation. By its nature, commercial litigation involves secrets, or at least sort-of secrets or at very least wanna-be secrets. Two commercial entities that hate one another enough to end up in court hate more the thought of disclosing to their competitors their business plans, customer lists, employee rosters, trade secrets, and what have you (the technical business term for "anything"). They insist upon protective orders to prevent disclosure of the corporate family jewels. And if an *ounce* of protection is good, well then, a ream must be better.

### ***We Make Protective Orders More Detailed But Not More Effective***

When was the last (or first) time you saw a one ounce protective order? We start with the simple notion – capable of being written in a single sentence – such as "The parties mutually agree that they shall not use any materials disclosed to them in discovery and not already public knowledge in any manner whatsoever except to conduct this litigation." But if an ounce of language is nice, our twisted legal minds reason, more must be better. Like a Scrabble

game, we build on more words, often at funny angles, until we have filled up the board. Protective Orders nowadays run page after page. They have more tiers than an NBA stadium, with one level of protection for ordinary secrets (the enemy can see them, but has to promise not to use them), another for mortal secrets (a few select agents of the enemy can see them, but then we have to kill them), and another for venal secrets (the enemy can't see them at all, but their lawyers can, so long as they don't understand what they're seeing).

Come on. Who are we kidding? Do these protective orders really protect? Or do we get the same answer the Edwin Starr gave to his own question: "War! What is it good for?" – "Absolutely nothing?"

OK, even we are not *that* cynical. Protective orders offer protection. But we are somewhat cynical. Protective orders, no matter how fat we make them, offer mere ounces of protection. And if we do not realize that these orders are inadequate to the task, we are lulled into a hopelessly false sense of security. (If the phrase "Maginot Line" does not conjure for you the image we hope to create here, go back to your World War II history...) You cannot rely on a protective order, no matter how cleverly crafted, to protect your client's confidences. In certain litigation, the notion of "protective order" is an oxymoron.

So what does a protective order really protect?

"I have repeatedly warned counsel in this matter that should there be any unauthorized breaches of the Court's Protective Order and the Court can trace these breaches to a source, that sanctions will be in order. This is a civil case. Sanctions can be quite substantial in a civil case." *Jones v. William Jefferson Clinton*, 1999 U.S. Dist. LEXIS 5282 (E.D. Ark. 1999).

### ***Truly Substantial Sanctions Are Truly Rare***

Right. Sanctions can be quite substantial. Especially when the President of the United States, in a rather public setting, irritates, well no, infuriates, a federal judge. So the sanction for willful contempt was \$1,202 plus attorneys' fees. *Jones v. Clinton*, 36 F. Supp. 2d 1118, 1135 (E.D. Ark. 1999). Let's get real. The cases that impose substantial sanctions are few and far between.

You represent SuperSecret Engineering Systems Co., the well-known supplier of left handed flugel nuts. The market for left handed flugel nuts in the United States alone is a billion units a year. Until now, the three major suppliers all have had roughly the same manufacturing cost, a buck a nut. The retail price is \$1.50 per, a nice comfortable profit. But SuperSecret has developed a new process that will drop the cost to 50 cents; SuperSecret can drop the sales price to \$1.00, capturing the

entire market and \$500 million a year in pure profit. It can do that, that is, if it can keep its process a secret. So when Doug Argrave, SuperSecret's Director of Engineering, leaves abruptly to join SuperSecret's chief competitor, CopyClone Industries, there is a corporate "uh-oh." You pull an all-nighter and get the TRO motion on file the next day. You claim perjury by Argrave and by CopyClone. You get a preliminary injunction. You also get a counterclaim from CopyClone for unfair competition and abuse of process and illegal alliteration. Litigation is joined. Discovery is begun. And you put in place the most state of the art, fully loaded with all the bells and whistles protective order ever conceived by lawyer. SuperSecret's secrets are safe. Life is good.

Is it? Step back. When SuperSecret came to you, it knew it had a problem. Argrave *might* be about to spill the secrets to CopyClone. You may have prevented that. Maybe. But what you have done for almost sure is guaranty – whether or not CopyClone knew the secrets *before* the litigation – CopyClone will learn those secrets *as a result* of the litigation. And SuperSecret may not be able to do a thing about CopyClone using its no-longer secret secrets.

### ***A Protective Order May Not Provide Much Protection***

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The rub is that you are not really all that sure how much Argrave knew or was able to convey, and you are not all that sure that he actually turned over whatever he did know. What you can be sure of is that, during the course of the litigation, the other side will seek full discovery into the details of your trade secrets. What you may or may not have given up by educating your former employee, you will certainly turn over to the other side in discovery. And all you have standing between you and the loss of \$500 million in profits is a few pieces of paper with the words "Protective Order."

How good is that paper? Courts generally start with the notion, when imposing sanctions, that the least onerous sanction available to redress the problem is the sanction that ought to be imposed. *United States ex rel. Koch v. Koch Indus.*, 197 F.R.D. 488 (N.D. Okla. 1999). What is the likelihood, then, that a court will enter a \$500 million sanction, even if you can prove with crystal clarity that there has been a breach of a protective order? More likely, the court will impose a fine of several thousand or tens of thousands of dollars, a price CopyClone would gladly pay for a share of that \$500 million profit.

Even if you could find a court with the courage to enter real damages, based upon real injuries, you would have the burden of proving those injuries. Unless CopyClone acts like an idiot, and leaves a paper trail of admissions, chances are that the other side will use your trade secrets in a way that inserts some ambiguity into whether there was an actual theft or an honest independent development of the same process. If so, your ability to prove real damages may not exist.

#### ***Even Honest People Can Let Secrets Slip***

Well, you say, I can make sure that nothing given up in discovery ever reaches the business people at CopyClone, simply with the common expedient of including in the Protective Order a level of "attorneys' eyes only." CopyClone's cretinous business people might violate the

protective order, you say, but you can rely on an attorney's instinct for self-preservation of her license not to disclose matters to her client. You say. Trying to isolate disclosure to attorneys may not work. No matter how much you try to restrict access to attorneys' eyes only, the problem is that attorneys seldom have sufficient eyesight to interpret technical documents; courts understand that the attorneys may require some ability to share even the most sensitive materials with their clients in order to understand them. So they will beg for some relief and you can't presume that the court will hold them to a strict "attorneys eyes only."

Lest you think we are sounding alarms because we have no faith in the honesty of the CopyClones of the real world, hold up. If you are dealing with liars and criminals, you have little hope. But it doesn't take a thief; you can almost as easily lose confidences shared with honest people. The lawyer or consultant or business person who receives a confidence under a protective order is human. He may know it is a secret that must not be revealed or used; he may honestly try to keep the secret. But human nature being what it is, with the passage of time, he will only know that he knows something; he will forget how he came to know it, and he is prone, however unwittingly, to disclose it. The only way to keep a secret is to not tell it. And a protective order is mechanism *designed to tell* secrets to others.

Don't get us wrong. We don't mean to suggest that we think you should not bother to get protective orders. You should.. You should also carry an umbrella during a hurricane; just don't assume it will guaranty you won't get wet. So maybe, just maybe, before you start drafting that TRO motion to commence litigation, you ought to counsel SuperSecret and make sure that it fully understands the possible implications of escalating the problem and the limitations of protective orders.

#### ***There May Be Even Less Protection In Alternate Dispute Resolution***

More and more, commercial litigants turn to alternate dispute resolution to avoid the delay and expense of litigation. Arbitrations are, generally, faster and less costly and give the parties an opportunity to select arbitrators or mediators with specialized backgrounds who are better able to understand and resolve particularized disputes.

When we enter these ADR forums, we bring with us the baggage of our litigation experience. And we assume that a protective order is just as good in an arbitration proceeding as in a court proceeding. Bad assumption. Whatever substance these orders may have when entered by a judge, they are less so when entered by a rent-a-judge. When a judge enters an order, she expects it to be carried out. She may or may not be upset about the disclosure of some piece of information from one corporate entity to another, but she is unlikely to forgive someone who contemptuously disobeys her own order.

When parties to an arbitration enter a protective order, it is simply a contractual undertaking, nothing more, nothing less. It may be entered by an arbitrator, it may be notarized, the arbitrator might even put a gold seal on it, but the arbitrator is simply a person chosen by contractual agreement to resolve disputes, and arbitrators have no power of contempt. If you can prove a violation of an arbitrator's protective order during the course of the arbitration proceedings, you can present that breach as part of the claim in the arbitration; and the arbitrator, like the judge, is likely to be irritated by a breach of his order. That irritation could lead to an additional award in the arbitration. But the more likely scenario is that you will not learn of a breach until the arbitration is concluded, at which point your only remedy is likely to be to commence a separate arbitration for that breach.

We have seen some attempts in arbitrations to enlist the aid of the courts as part of an arbitrator-entered protective order. As part of the order, the parties agree to submit any claims for breach of the protective order to a court for possible injunctive or monetary

relief. But a court faced with a breach of an arbitrator's order has no authority to enter sanctions. What is there to sanction? There is no court order which has been breached, so no basis for judicial contempt. *See Poliquin v. Garden Way, Inc.*, 154 F.R.D. 29 (D. Maine 1994) All a court can really do when faced with the breach of an arbitrator-entered protective order is assess whether there has been a breach of contract and award contract damages as a result. You can try to up the ante, of course, by inserting penalty provisions in an arbitrator protective order. But that won't work because contractual attempts to impose penalties are not enforceable. *Farmers Export Co. v. Prois*, 799 F.2d 159 (5<sup>th</sup> Cir. 1986).

#### ***Consider The Potential Loss of A Secret As a Potential Cost of Litigation***

Here is the point. We rely too much on protective orders, whether they come by the ounce or the pound. When you review the bidding on whether to institute litigation, one of the factors you and your client need to consider is whether the litigation will come with the potential cost of forcing you to turn secrets over to your litigation adversary.

# DISCOVERY

## Common Interest Agreements

By Jerold S. Solovy  
and Robert L. Byman



The Italians have a phrase – *mettere in piazza* – literally “to put it out in the town square.” People *mettere in piazza* when they blurt out their secrets in public places. And there is a word for such people – *buffone*. It is natural to want to share information with others with whom we share common interests. But if we do so, are we buffoons, airing our secrets in public?

No, no, we are not fools. We protect our secrets by entering into common interest agreements. These agreements keep our secrets safe, right? Well, stick this in your piazza – common interest agreements may or may not protect shared confidences; and they may come with a trap that can cost you your relationship with your client.

### **Common Interest Goes Beyond Joint Defense**

The notion of sharing – and protecting – privileged communications among parties arises most naturally in the criminal context, where co-defendants agree to pool resources under a joint defense agreement. Joint criminal defendants indisputably have a common adversary – the government. While the potential always exists for co-defendants to become adverse to one another, the adversity is likely to go no further than antagonistic defenses and it is unlikely that today’s co-defendants will become tomorrow’s toe to toe litigants. And, perhaps most

significantly, there is seldom any interest from non-parties to nose into the shared confidences by trying to undo the joint defense agreement.

Well, at least that’s true for typical blue-collar criminal matters. But in white collar cases and in commercial litigation, the relationships are more complicated. The parties may be aligned as joint plaintiffs, defendants, cross-claimants, or whatever. So, at the outset, we need a better term than “joint-defense”; the English language obliges with phrases like “joint interest” or “common interest” or “mutual cooperation” agreements. Now, chances are that parties to complex litigation are business collaborators or competitors with multiple relationships which could sour in the future; they may have common interests today, but commercial parties often end up on opposite sides of the v. And even if the parties themselves remain friends, there is enormous potential that other parties who were not part of the common interest agreement will try to get access to shared materials.

So, when you enter into a common interest agreement, you had best assume that it will be attacked, not only by outsiders but by the presently cooperating parties themselves. Just how much protection do these agreements offer? The simple answer: they offer a fair amount of protection, but something well short of absolute.

So let’s make a few points. One. There is no such thing as a “joint-defense privilege.” Rather, “joint-defense” or “common interest” or whatever are doctrines which extend the umbrella of protection for already existing privileges such as attorney-client communications or work product. “Joint-defense” is rubric to preserve, not create, privilege. Two. All privileges are narrowly construed because they are anathema to the concept of full discovery; so you should expect the courts to be particularly narrow when they address an extension engrafted onto a privilege. Passing privileged material under a cooperation agreement may – but may not – preserve the privilege. Three. If you do it right, you can maintain privilege as to rest of the world, but you will waive any privilege at least as to your partner to the common interest agreement. And four – *Fore* – look out! When your client enters into a joint interest agreement, the other parties to that agreement may come to consider you as their attorney – and may have a valid basis to disqualify you from representing your own client if things later turn adverse.

### **Privilege Is Maintained Even Though The Parties Later Become Adverse**

You need not worry greatly about the prospect of later adversity; so long as the present agreement is *bona fide*, later

realignment of interest will not negate a common interest agreement. “That a joint defense may be made by somewhat unsteady bedfellows does not in itself negate the existence or viability of the joint defense.” *In the Matter of Grand Jury Subpoena Duces Tecum dated November 16, 1974*, 406 F. Supp. 381, 392 (S.D. N.Y. 1975); see also *In re Megan-Racine Associates, Inc. v. Niagara Mohawk Power Corp.*, 189 B.R. 562 (N.D. N.Y. 1995).

You already well know that a privilege is lost if disclosed to outsiders – so does the signing of a common interest agreement make outsiders insiders and automatically extend the umbrella to any communication? No. The privilege may be lost unless it is communicated in the course of a joint effort in anticipated or actual litigation and safeguards are imposed to maintain the confidentiality of the material. See generally, *Matter of Beville, Bresler & Schulman Asset Management*, 805 F.2d 120, 126 (3d Cir. 1986).

### **A Common Interest May Not Be Enough for a Valid Common Interest Agreement**

To maintain the privilege, it may not be enough merely to have mutual or common interests. During merger negotiations, A and B disclose to one another their respective attorneys’ work product assessments of litigation pending

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against each company. Clearly, there is a common interest among A and B in the disclosure of that information, but is that interest sufficient to protect the privilege when C demands to see it and argues that the privilege was waived by disclosure? Maybe. Maybe not. Some courts take the expansive view that any material shared in common interest remains protected. *Hewlett Packard v. Bausch & Lomb*, 115 F.R.D. 308 (N.D. Cal. 1987). But other courts find that a common *business* interest won't do. There must be a common *legal* interest, communicated in aid of existing or anticipated litigation. See *Bank Brussels Lambert v. Credit Lyonnais*, 160 F.R.D. 437 (S.D. N.Y. 1995). Were these privileged opinions shared to assist in joint litigation strategy against a common enemy or were they exchanged for business reasons, as part of merger due diligence? If the disclosure is in furtherance of a common litigation goal, you can be reasonably certain that the privilege is maintained; but if the exchange is for a business purpose, you are in peril of losing the privilege.

#### **When You Share Information With An Other, You Waive Privilege As To That Other**

When the common interest turns sour, and parties who had exchanged information under a cooperation agreement later become adverse to one another, courts will not unscramble the eggs. Having shared privileged materials with the other party, you cannot reclaim the privilege. When the parties' interests are restructured "neither can reasonably be allowed to deny to the other the use of information which he already had by virtue of the former's own disclosure." *In the Matter of Grand Jury Subpoena Duces Tecum dated November 16, 1974*, 406 F. Supp. 381, 394 (S.D. N.Y. 1975). You can – and should – contract in your joint cooperation agreement for a prohibition of use against you of information you have shared, but you will have a *contract* right, not an absolute privilege.

But you can still maintain a privilege as against third parties, even if your now adverse former partner wants to break it. "This does not mean, however, that the rest of the world suddenly becomes entitled to privileged information just because the internal structure of the joint defense unit has been changed." *Securities Investor Protection Corp. v. Stratton Oakmont, Inc.*, 213 B.R. 433, 438 (S.D. N.Y. 1997). The merger between A and B fell through and they are now suing one another over the broken engagement. On the theory that any enemy of my enemy is my friend, B wants to share A's confidential litigation assessment of its lawsuit against C with – you guessed it – C. Nope. A can no longer assert privilege for the assessment against B, but B can't waive A's privilege as to third parties. "Joint defense privilege would be stripped of its purpose and effectiveness if one party could unilaterally waive the privilege in favor of a third party, even if the original defendants had become adverse." *Madison Management Group, Inc. v. Fogel*, 212 B.R. 894, 898 (N.D. Ill. 1997). Easy as A, B, and C.

Okay, let's use a little example to review. You represent Righteous, Inc., who purchased a mad cow rendering plant from Conglomerate Co., which in turn had bought the plant from Toxic Waste Indus., using the services of an engineering firm, Boring As Dirt, Inc. The plant, it turns out, has leaked noxious material into the nearby river since the cows came home. Downstream Ltd. sues Righteous, Conglomerate, Toxic Waste, and Boring.

Clearly, all of the defendants have a common interest against Downstream. Just as clearly, these defendants could find themselves adverse to one another on various cross claims.

You generate an important piece of work product analyzing claims, defenses, and theories. You want to join forces with Conglomerate to efficiently minimize costs and present a united front. Conglomerate is willing to work toward the common good, but naturally wants access to your work product. With a well-crafted cooperation

agreement, you can be reasonably assured that you can protect your work product from disclosure to Toxic Waste and Boring, not to mention other third parties. You know that the price you pay for cooperation is that, if you later end up at loggerheads with Conglomerate, you will have waived the privilege as to it, but chances are that you can keep Conglomerate from sharing the privileged material with anyone else.

So that's it, right? Well, no, there's one more thing you had best consider. Righteous may be able to maintain the privilege for anything shared under a cooperation agreement, but the cost of maintaining the privilege could be reflected in having to retain new counsel. And the cost to you might be in the loss of your client.

#### **Beware The Possibility That A Common Interest Agreement Could Lead To Disqualification**

Remember. The shared information is only privileged in the first place because of an attorney-client relationship. And because the joint cooperation privilege is an simply extension of the attorney-client privilege, counsel for the cooperating parties may imputedly be put into an attorney-client relationship with the other members. In *City of Kalamazoo v. Michigan Disposal Service Corp.*, 125 F. Supp. 2d 219 (W.D. Mich. 2000), counsel represented General Motors in a CERCLA action brought against multiple entities. A joint defense group was created to pool resources and reduce litigation costs for the entire group. GM's attorneys took the laboring oar in various joint activities. Later, in new litigation in which GM and another member of the joint defense group found themselves adverse to one another, the other member successfully disqualified GM's counsel from representing GM in the new matter – because an imputed attorney-client relationship had been created as a result of the joint effort.

Disqualification may result even when counsel has not acted as common counsel but simply as a

result of the sharing of confidential information. See *GTE North, Inc. v. Apache Prod. Co.*, 914 F. Supp. 1575 (N.D. Ill. 1996). These cases are the nightmare scenario, and there are plenty of cases that strain to deny disqualification. But that's the point – they strain. You need to consider, before you run the risk of adding to the case lore on this issue, whether the prize of shared information may be worth the cost of disqualification.

It is common, and advisable, to disclaim the creation of any imputed attorney-client relationship in the cooperation agreement. These clauses may work. But don't kid yourself, they may not. Questions of disqualification and ethical standards are matters of public policy and of judicial concern which cannot necessarily be contracted away by the parties. And if you successfully disclaim that the sharing of information creates an attorney-client relationship, you may persuade the court that the material is not itself privileged, and not entitled to the very protection the agreement was designed to confer.

Cooperation among parties with common interests is highly desirable, both because it is likely to minimize the costs of litigation and because it is likely to create the most coordinated and best possible defense or prosecution of a claim against a common foe. But the advantages must be weighed against the downside. The only way to keep a secret is, well, to keep it. If you don't want to find yourself *mettere in piazza*, consider carefully whether the best defense really is a joint defense.

# DISCOVERY

## Do You Sign Here?

By Jerold S. Solovy  
and Robert L. Byman



When is it wrong to exercise a right? You know, of course, that deposition witnesses have a right to read and sign their transcripts. But that “right,” conferred by F.R.Civ.P. 30(e), may offer scant little benefit, while posing enormous potential menace. This right is wrong.

### *Whose Right Is It, Anyway?*

There has always been some confusion over ownership of this so-called right. Originally, the right was conferred automatically; the rule provided that the transcript had to – had to – be submitted for review to the deponent unless “waived by the witness and by the parties.” In 1993, the rule was amended to require that the right be specifically invoked, by the “deponent or a party.” Some lawyers of our acquaintance have taken the position that these references to parties mean that they can coerce an otherwise reluctant deponent to go to the trouble of reading and signing her deposition. And, since the case law was dotted with occasional opinions in which the court actually ordered a reluctant witness to sign a deposition, that argument was not totally without support. *See, e.g., Pfau v. Coopers & Lybrand*, 1992 Dist. LEXIS 3751 (S.D.N.Y. 1992).

But come on. The point was not to get a signed transcript, but rather to get a final, conclusive transcript. The “right” to sign was frustrating that end game, because

many deponents refused or failed to sign. So the 1970 amendments to the rule specifically added a 30 day time limit. The amendment put on a limit after which the right was deemed waived and the transcript was deemed correct without signature, so “it is doubtful that Rule 30(e) was intended to allow an opposing party the ‘right’ to require a deponent to read, review and sign a transcript of the deposition.” *Soto v. McLean*, 40 Fed. R. Serv. 3d (E.D.N.C. 1998).

### *The Right To Write*

Rule 30(e) allows a witness to alter deposition testimony “by reciting such changes.” The deponent can’t change the actual transcript; she can merely add errata sheets. But “errata” are not limited to errors of transcription. Any change, whether in form or in substance, can be made, so long as it is timely and so long as it is accompanied by “adequate” reasons.

So a witness is allowed to make changes – “even those having the effect of contradicting the original answers, regardless of how unconvincing the deponent’s explanation for making the changes might be.” *Hlinko v. Virgin Atlantic Airways*, 1997 U.S. Dist. LEXIS 1627 (S.D.N.Y. 1997). If the changes in substance make the original deposition suspect or meaningless, the court can order that the deposition be reopened, but the general rule is that a witness is free to contradict as

much as he or she pleases, so long as reasons are given. *Id.*

The key is that a reason has to be offered — it doesn’t have to be a convincing reason. Suppose the transcript reads “the light was groaning.” The witness puts an entry on the errata sheet: “§groaning’ should be ‘green’.” Nothing more. Well, it is obvious that groaning was probably a typographical error. But if the deponent does not articulate a reason, no matter how obvious, the change does not comport with Rule 30(e) and is subject to being stricken. *Holland v. Cedar Creek Mining, Inc.*, 198 F.R.D. 651 (S.D. W.Va. 2001). Conversely, suppose the transcript reads “the light was green.” The deponent puts on the errata sheet: “§green’ should be ‘red’.” Reason: I was confused by the question.” The reason given is not exactly satisfying, but it satisfies Rule 30(e).

Well, maybe. The deponent can probably get away with making some number of shaky substantive changes, but courts, like harried parents, have limits. In *Greenway v. International Paper Co.*, 144 F.R.D. 322 (W.D. La. 1992), the plaintiff proposed 64 corrections to a 200-page deposition. For example, when asked at her deposition if she could recall any instance of retaliation, the plaintiff answered, “No, sir.” But on reflection, the plaintiff proposed correcting that answer to “Yes, sir. For example, after I filed the quick-hour grievance in

June of 1990, Jimmy retaliated against me by forbidding me from using the telephone while at work, taking any jobs without his permission and talking to any management personnel without first talking to him. Additionally, . . . [and so on for another twelve lines].” The plaintiff offered reasons for her changes: the corrections were more accurate and complete; she had subsequent and more accurate recall; she wished to clarify her answers. No good; the court struck the corrected answers: “A deposition is not a take-home examination,” the court chastised.

### *It’s My Right, And I Can Try It If I Want To*

Look, you have a God-given right, if you want to, to stand out in the rain. But it is not necessary to exercise a right simply because you have it. So a witness has the Congress-given right to read and sign the deposition. But why should she? Let’s get one thing straight. What have you done when you add a substantive errata sheet? You have, in one nice package, given your opponent impeaching material.

Let’s see how it might all play out at trial. At the deposition, the witness is asked “what color was the light?” She answers “I don’t really remember.” After reviewing the transcript, she tells you “Gosh, now that I think about it, I have a vague recollection that the light was starting to turn green.” It will

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look better if you make the change – and accept the impeaching value of the two different recollections – immediately rather than at trial.

Will it? Think about it. Your witness has already a shift in recollection over the course of the thirty days between deposition and transcription. Whether you back off the original testimony now or later, you will have to deal with the impeaching effect of the difference. But what if, by time of trial, the witness honestly comes back to “I don’t remember”? You’ve created impeachment for nothing. Or what if there is an even further evolution of memory? What if, by the time of trial, the witness says “You know, now that I have had a lot of time to think about it, I remember clearly now, the light was green.” Now you have three different versions to deal with. Any change the witness makes now in connection with reviewing and signing the deposition will lock in some amount of impeachment. You are stuck with the transcript whether you correct it or not. You are stuck with trial testimony. Why stick yourself with errata that might tell yet a third story, heightening the impeachment?

### **No Sign Is A Good Sign**

If you make the decision to make the corrections immediately, of course, the witness has to sign the corrected transcript. But we know lawyers who have their deponents sign transcripts even when there are zero changes or where the only corrections are obvious typos. We know these lawyers but we do not understand why they do this. Why would you have a witness sign a deposition as a gratuitous act and add to the possible impeaching value of the transcript?

You know how it goes when the deposition testimony was “the light was red” and the trial testimony is “the light was green”:

Q: Ms. Smith, you just said that the light was green?

A: Right.

Q: You recall giving a deposition a year ago?

A: Yes.

Q: You took the same oath to tell the truth in that deposition as you did today?

A: Of course.

Q: And a year ago, your testimony under oath was that the light was red?

A: Yeah, but . . .

Now suppose you had exercised the deponent’s right to read and sign the deposition. Add this to your witness’ squirm:

Q: And you didn’t just testify a year ago that the light was red. You carefully read the transcript of that deposition, without any pressure, and on full reflection you were satisfied – and you confirmed – that the light was red?

A: Well I thought so at the time . . .

Q: So in addition to testifying under oath the light was red, you read that testimony and certified under oath that what you had said was right?

A: Yeah, but, but, but . . .

### ***But Don’t Waive The Right To Sign, Just In Case***

If you waive the right to sign, you’re stuck with the transcript, errors and all. If you read and correct and sign the deposition, you’re still stuck — really stuck — both with what is in the transcript, plus with the corrections. So when you get to trial, it probably does not matter all that much which version you’re stuck with, but it’s slightly better to be stuck with a transcript you didn’t review and expressly ratify.

But what if you never get to trial because of that erroneous transcript? In *Rios v. Bigler*, 67 F.3d 1543 (10th Cir. 1995), the plaintiff brought a malpractice action, claiming that there was a negligent failure to diagnose a condition. However, when the plaintiff’s expert was deposed, he was not critical of the defendant doctor for failing to make the diagnosis. The defendant sought summary judgment on that testimony. Plaintiff countered with an affidavit from the expert stating that he was in fact critical of the failure to diagnose; at the same time, the expert sought leave to amend his deposition answers to clarify and expand upon them.

The court found that the attempt to clarify deposition testimony was not timely under Rule 30(e) and that the deposition transcript, therefore, stood. The court further found that any affidavit at odds with the deposition was an impermissible attempt to create to sham fact issue. Summary judgment was affirmed.

A deposition is not an Etch-a-Sketch®. You can’t simply pick up the waxed paper and erase what you wish you had not drawn. You can correct it, if you follow the rules and timetables for correcting it, but it doing so, you will simply codify the fact that the witness has said two different things on two different occasions. So you may not want to do that – except when what the witness said, unless refuted, will result in summary judgment. But you only have 30 days to do that. The court can forgive or extend the 30 day deadline, of course, but the *Rios* court did not and you cannot assume your court will be any more sympathetic.

So here’s what we do. To keep our options open, we always invoke, prior to the conclusion of the deposition, the right to review and sign the deposition. Then we think very carefully about whether our witness has said anything during the deposition that absolutely requires correction. And unless he has stepped in something awful, we waive signature and let the transcript stand.

Of course, we reserve the right to review this article during the next 30 days and make appropriate changes.

# DISCOVERY

## Rambo Redux

By Jerold S. Solovy  
and Robert L. Byman



The world has of late been forced to face the sad reality that diseases such as smallpox – which we thought had been eradicated – continue to pose a real threat. And in our profession, we must face the grim prospect that Rambo still lives.

### *We Thought Rambo Had Been laid To Rest*

A decade or so ago, the literature was filled with examples of Rambo litigation; here's one: In *Castillo v. St. Paul Fire & Marine Insurance Co.*, 938 F.2d 776 (7th Cir. 1991), attorneys representing a deponent imposed multiple objections that blatantly coached the witness; they instructed the witness not to answer questions based upon counsels' definition of relevance; they engaged in lengthy on the record colloquies and *ad hominem* attacks on opposing counsel. At one point, examining counsel proposed, as suggested by the court in the event of a dispute, phoning the judge for guidance about these tactics – only to be met with a refusal to allow use of the phone: "I would caution you not to use any telephones in this office unless you are invited to do so, counsel . . . . You can write your threatening letters to me. But, you step outside this room and touch the telephone, and I'll take care of that in the way one does who has possessory rights." *Id.* at 779.

No doubt, these objecting, threatening lawyers impressed their clients with how tough they

were. No doubt, it just felt good to stare down an opponent and bully him into submission. But it probably didn't feel quite so good when the lawyer was personally assessed a monetary fine and the client's case was dismissed for discovery abuse.

In *Van Pilsun v. Iowa State University*, 152 F.R.D. 179 (S.D. Ia. 1993), the court admonished counsel for both sides for "argument, bickering, haranguing, and general interference" during a deposition. The court noted that Rambo litigation, "which may prove effective out of the presence of the court, and may be impressive to clients as well as ego-gratifying to those who practice it, will not be tolerated by this court." *Id.* at 181. The court required that all future depositions be taken before a Special Master. "The use of a discovery master is rare in this district. However, the acrimony which exists between these counsel does not serve their clients or the justice system. It necessitates the provision of day care for counsel, who, like small children cannot get along and require adult supervision." *Id.* The lawyers – and their clients – were required to incur significant extra cost and cumber as the price for their inability to conduct discovery without an umpire.

### *The 1993 and 2000 Amendments Killed Rambo*

Sadly, these cases were not aberrations, however aberrant the

behavior. And so we fixed the problem. In 1993, F.R.Civ.P. 30(d) was amended to leave no doubt about the line between proper and sanctionable conduct; well, okay, there was a little doubt, but that last pocket of ambiguity was eradicated with the 2000 amendments. And now the rule could not be more clear. RIP, Rambo.

**"Any objection made during a deposition must be stated concisely and in a non-argumentative and non-suggestive manner."** F.R.Civ.P. 30(d)(1). No ambiguity there. You can say "Objection. Form." You can say "Objection. Lacks foundation." But you cannot say "Wait a minute, you sorry excuse for a lawyer – that question is awful. When you ask 'When did you decide to leave your employment?' do you mean 'When did you first think about it?' or do you mean 'Did you decide before or after you consulted with counsel?'"

**"A person may instruct a witness not to answer only when necessary to preserve a privilege, to enforce a limitation directed by the court, or to present a motion under Rule 30(d)(4)."** *Id.* No ambiguity there. You can't tell your witness not to answer a question unless the answer would violate a privilege or court order, or unless, immediately after making your instruction, you run, do not walk, do not pass GO, to court and present a motion to

explain why the question – or questioning – warrants relief.

No ambiguity. Except that – despite the fact that the 1993 and 2000 revisions were carefully considered, fully debated and widely published; despite the fact that case after case has excoriated Rambo and his wannabees – a fair (well, an unfair) number of lawyers (who, after 19 years or so of education, presumably can read) haven't gotten the message. The virus still lives. In the past few months, cases have been reported of outbreaks of Rambo conduct that suggest that lawyers may not have heard of, much less heeded Rule 30.

### *Rambo Lives!*

In *Calzaturificio S.C.A.R.P.A. s.p.a. v. Fabiano Shoe Company, Inc.*, 201 F.R.D. 33 (D. Ma. 2001), counsel "conferred with the deponents during questions, left the room with a deponent while a question was pending, conferred with deponents while questions were pending, instructed deponents not to finish answers, suggested to the deponents how they should answer questions, rephrased opposing counsel's questions, instructed witnesses not to answer on grounds other than privilege grounds, asserted the 'asked and answered' objection 81 times, engaged in lengthy colloquies on the record, and made *ad hominem* attacks against opposing counsel." *Id.* at 39. Sanctions were not

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entered – but, it appears, only because they were not requested.

In *Morales v. Zondo, Inc.*, 201 WL 474230 (S.D.N.Y. 2001), counsel “(i) refused to allow plaintiff’s counsel access to the office telephone to call the court regarding a dispute that emerged at the deposition; (ii) engaged in improper private conversations with [the deponent]; (iii) improperly ‘coached’ [the deponent . . . in order to indicate how [the deponent] should answer a question or encourage him to state that he did not know the answers; (iv) improperly directed [the deponent] not to answer certain questions; (v) engaged in colloquies concerning the matters on which the witness was being questioned as well as certain irrelevant matters; and (vi) interrupted the deposition in order to inspect extraneous exhibits, and then reshuffled such exhibits to make it more difficult for plaintiff’s counsel to refer to them.” *Id.* at \*2. This time, personal sanctions were sought – and willingly granted. Rambo was required to personally pay the cost of the deposition, reimburse the other side for its attorneys’ fees, and, a little icing on the sanctions cake, a \$1500 general fine payable to the clerk of the court.

What’s going on? How could these lawyers, here in the 21st Century, have possibly thought that their conduct is still permitted? So we need to get the word out – again.

Let’s face it. There are clients who want to think that their lawyer is the toughest, meanest son-of-a-gun in the valley. There are some lawyers who, whether or not their clients demand it, want to puff out their tail feathers and scratch sand at their opponents. And, some of these people get away with it for the simple reason that there is not time or patience enough to correct every misdeed. Or they continue to act this way because they have not been called on to answer for their sins. But make no mistake. We have looked long and hard for a case which condones these types of tactics, and we have found not one. We did not expect to find one. To be sure, some courts have been reluctant to jump on counsel with sanctions the first time abuses

were brought up – see *Phillips v. Manufacturers Hanover Trust Co.*, 1994 U.S. Dist. LEXIS 3748 (S.D. N.Y. 1994) – but other courts have declined to give counsel a warning shot across the bow and have imposed sanctions – personal sanctions – without hesitation, reservation or advance a\warning. See, e.g., *Carroll v. Jaques*, 926 F. Supp. 1282 (E.D. Tex. 1996).

### ***Rambo Tactics Are Not Just Improper; They Are Ineffectual***

And here is the real nub — it is not simply wrong to disrupt depositions; it is not simply a violation of some technical prissy rule; it is not simply that hardball tactics risk hardball sanctions. It doesn’t do any good. It will not advance your client’s case. There is no reason beyond a personal character defect to do it.

It is wrong to speed. You will not find a court that says it is okay to speed. But people do it. And when they do, at least they can justify their wrongdoing by taking comfort in the knowledge that they have progressed from point A to point B a little faster than otherwise. Not so with violating discovery rules. Obstructing a deposition will not advance any legitimate end game in litigation. It wastes time, it obfuscates, and it disrupts; it may feel good. But it never really accomplishes anything of substance. Face it. Rambo will not save you from the strong – if your adversary is good enough to trap your deponent into giving damaging testimony without your obfuscation, she is good enough to get around those disruptive tactics and get a meaningful deposition, even if she has to get sanctions against you in the process. And Rambo is not needed against the weak – if your adversary is bad enough to actually be intimidated by these tactics, you will win your case without them.

Although the drafters certainly thought Rule 30 is clear enough after the 1993 and 2000 amendments, the word seems slow reaching the hinterlands. So we make the modest suggestion that local districts may want to consider, as a local rule or standing order, a form entered by Judge Shaw of the Eastern District of

Missouri in *Armstrong v. Hussmann Corp.*, 163 F.R.D. 299 (E.D. Mo. 1995):

IT IS FURTHER ORDERED that the following guidelines for depositions are hereby imposed:

A. At the beginning of the deposition, deposing counsel shall instruct the witness to ask deposing counsel, rather than the witness’s own counsel, for clarifications, definitions, or explanations of any words, questions, or documents presented during the course of the deposition.

B. All objections, except those which would be waived if not made at the deposition under Federal Rules of Civil Procedure 32(d)(3)(B), and those necessary to assert a privilege, to enforce a limitation on evidence directed by the Court, or to present a motion pursuant to Federal Rules of Civil Procedure 30(d), shall be preserved. Therefore, those objections need not and shall not be made during the course of the deposition.

C. Counsel shall not direct or request that a witness not answer a question, unless that counsel has objected to the question on the ground that the answer is protected by a privilege or a limitation on evidence directed by the Court.

D. Counsel shall not make objections or statements which might suggest an answer to a witness. Counsels’ statements when making objections should be succinct, stating the basis of the objection and nothing more.

E. Counsel and their witnesses and clients shall not engage in private, off-the-record conferences during depositions or during breaks or recesses, except for the purpose of deciding whether to assert a privilege; and, any off-the-record conference is a proper subject for inquiry by deposing counsel to ascertain whether it was done in violation of this Order.

F. Deposing counsel shall provide to the witness’s counsel a

copy of all documents shown to the witness during the deposition. The copies shall be provided either before the deposition begins or contemporaneously with the showing of each document to the witness. The witness and the witness’s counsel do not have a right to discuss documents privately before the witness answers questions about them.

Let’s see Rambo get around that....

# DISCOVERY

## Many Happy Returns

By Jerold S. Solovy  
and Robert L. Byman



It is to buttons what the jalapeño is to peppers. Do you want to get the short hairs on the back of your opponent's neck to stand up? Serve discovery requests in which you demand copies of tax returns.

Frankly, we're not sure we understand what all the fuss is about. The government is always completely honest and forthright with its citizens, right? And taxpayers always faithfully and accurately report their affairs on their tax returns, nes pas? So what possible reason could there be to worry about having to turn a return over?

### ***Tax Returns Are Confidential To Protect Us From Our Government***

Before 1977, tax returns and the information contained in them were considered public information. Congress changed that with the Tax Reform Act of 1976, 26 U.S.C. § 6103(a), not because of any particular concern over discovery abuse in private litigation, but rather because of the real fear that the government might be misusing tax information. When it became evident that the Nixon administration had created lists of enemies whose tax returns were sent to other federal agencies for the express purpose of looking for ways to inflict pain on those enemies, Congress squirmed and added the provision to protect citizens from their own government. But the Act did not

address whether citizens needed to be protected from one another.

Protected from what? We already file tax returns under penalty of perjury, so why is there any question about their accuracy and why should we be concerned about letting someone review them? Well, come on. In the first place, despite all of our paeans to an open society, despite the fact that we read in the sports pages how many millions we pay our heroes who manage to bat well under .300, despite the fact that it is a matter of public record what we pay our judges, our society rightfully thinks that – for most persons – a person's personal finances are personal. There ought to be some good reason before someone is forced to lay open the details of her financial life. But more to the point, no one, no one understands the Internal Revenue Code. If your finances are so complicated that you don't use the short form, then sure as shooting your long form contains something which is a matter of interpretation. We all are scrupulously honest when we file our returns; but we still turn pale at the mention of those two little words: "au dit."

Simple enough, we don't want our tax returns produced to people sworn to inflict pain upon us. As a litigator, you know this. As a litigator, it is your job to look for legitimate pressure points that might improve your case or might impel a settlement. So if you can find a legitimate way to request tax returns – without opening the door

to the need to produce your own client's returns, making the exercise a wash – you will do so. And on the other side of the litigation coin, you must look for ways to avoid having your clients' jalapeño button pressed.

### ***But If Tax Returns Are Relevant, How Do We Keep Them From Our Adversaries?***

Let's start with the basics. Rule 26 "limits" the scope of discovery to any information reasonably calculated to lead to the discovery of admissible evidence. Evidence is admissible if it is relevant (Rule 404) and relevant if it has "any tendency to make the existence of any fact" "more probable or less probable." (Rule 401) Could that be more broad? And if you can concoct some reason why the financial condition, income, or assets of a party are relevant, how could it not be that the tax return is discoverable?

Okay, so the first question is whether financial information about an individual is relevant. You represent the plaintiff in a theft of trade secrets claim, and you are allowed to elect between a number of different damage theories, including unjust enrichment, disgorgement, and lost profits. Do you really want to assert the lost profits claim, knowing that you then put your own clients' income and profitability at issue? Maybe not. And while your right to punitive

damages is a bit iffy, do you want to assert the claim anyway? Maybe. The mere claim may make tax returns relevant, since the defendant's net worth, assets and income are factors which may need to be assessed in determining a punitive award.

How do you fend off a tax attack? Some have tried to wage the battle on a Constitutional level. In *Commodity Futures Trading Commission v. Collins*, 992 F.2d 1230 (7<sup>th</sup> Cir. 1993), Collins resisted a request for tax returns on Fifth Amendment grounds, arguing that the forced disclosure of his tax returns could be incriminating. The Seventh Circuit seemed to be intellectually bemused by the argument, but did not have to address it because it quashed the requests on the far more practical ground that the CFTC had not made a sufficient showing that production of the tax returns might lead to relevant, admissible evidence. But we suspect that if the Seventh Circuit had ruled on the constitutional question, it would have booted it off the island. If there is something incriminating about information, the time to assert the privilege is before the information is blurred out, even to the IRS. Once reported, there does not seem to be much of a distinction between something written in a tax schedule or testimony volunteered without the proper assertion of the privilege – it is waived. One could make an argument that the filing of a tax return is involuntary, under

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compulsion from the government, and that there is no waiver of the Fifth Amendment right. But most people keep copies of their tax returns; and there is no requirement in the Internal Revenue Code that a taxpayer do so. So the mere creation of the document is probably a waiver. (If you're thinking about losing the copies, pull out our earlier articles on spoliation.) So there probably is not a constitutional privilege, but all is not lost. Courts are generally reluctant to order the production of tax returns. *Sanderson v. Winner*, 507 F.2d 477 (10<sup>th</sup> Cir. 1974) ("tax returns and other similar financial data are generally irrelevant and compulsory disclosure is not favored."); *Cohn v. Taco Bell Corp.*, 1994 WL 383975 (N.D. Ill. 1994) ("there is a policy against the disclosure of income tax returns, and thus, income tax returns should be discoverable only where the litigant himself raises the issue of the amount of his income.").

The Fifth Circuit advanced a reason for this reluctance in *Natural Gas Pipeline Co. of America v. Energy Gathering, Inc.*, 2 F.3d 1397 (5<sup>th</sup> Cir. 1993): "not only are the taxpayer's privacy concerns at stake, but unanticipated disclosure also threatens the effective administration of our federal tax laws given the self-reporting, self-assessing character of the income tax system." *Id.* at 1411. Huh? Taxpayers are more likely to be candid and forthright with their government if they know they will not have to disclose what they say? Well, no matter. It doesn't matter whether courts can articulate a very good reason for their reluctance to give up tax returns; what matters is that they are reluctant. So reluctant, in fact, that many courts have endowed tax returns with their own special privilege.

### ***The Courts Have Created A Qualified Privilege For Tax Returns***

Obviously, there is no common law privilege against the disclosure of tax returns, since tax returns were never part of the common law. When Congress

passed the income tax, it did not see fit to afford returns any privilege in civil (or any other) litigation. And in all of the tinkers, amendments, regulations, and fiddles to the tax code, neither Congress nor the IRS has added a privilege. But the courts have.

As they can and should. Magistrate Judge Fitzsimmons explains that the protection afforded tax returns in civil discovery "is aptly characterized as a qualified privilege." *Gattegno v. PriceWaterhouseCoopers*, 2001 U.S. Dist. LEXIS 20179 (D. Conn. 2001). Judge Fitzsimmons noted that Congress specifically left to the courts "in light of reason and experience" the power to recognize evidentiary privileges in Evidence Rule 501. And she adopted, as had many courts before, a two-part test to govern whether the privilege should be applied. First, are the financial matters contained in the returns relevant? and, second, is there a compelling need for the production of the returns – because the information contained in them is not otherwise readily available?

The first skirmish in resisting the production of tax returns, then, should be to challenge the relevance of the information. For example, where financial information is relevant simply because of an allegation that punitive damages are appropriate, the first attack should be on whether the punitive claim is legitimate. Some courts require a demonstration beyond mere allegations that punitive damages are a real possibility, or even a prima facie showing, before the discovery floodgates are opened. *Chenoweth v. Schaaf*, 98 F.R.D. 587 (W.D. Pa. 1983) ("the complaint must allege a set of circumstances which will demonstrate to the court at least a real possibility that punitive damages will be at issue."); *Skinner v. Aetna Life Ins. Co.*, 38 Fed. R. Serv. 2d 1194 (D.D.C. 1984) (prima facie showing of an entitlement to punitive damages required). But the majority rule appears to be otherwise and most courts require no special showing. *Midcontinent Cabinetry, Inc. v. George Coch Sons, Inc.*, 130 F.R.D. 149 (D. Kan. 1990).

If you can't get the punitive damage claim dismissed, perhaps you can get it postponed by bifurcating the claims. Some states, such as Kansas, have adopted statutes bifurcating the issues of punitive damages from liability, making it easy to defer discovery of financial information. See *American Maplan Corp. v. Heilmayr*, 203 F.R.D. 499 (Dist. of Kan. 2001). But courts sitting in states lacking the statutory resolve of Kansas may be hard to convince. For good example, in an exceptionally well reasoned and written opinion, Magistrate Judge Sidney Schenkier rejected the notion that bifurcation should be a preferred method in all punitive damages cases – rather, bifurcation should require some special, compelling showing not shown to him. *Challenge Aspen v. King World Productions Corp.*, 2001 U.S. Dist. LEXIS 18357 (N.D. Ill. 2001).

### ***The Best Way To Avoid Production Is To Offer The Information In Another Form***

So by all means argue relevance, seek bifurcation, but don't put too much hope on the first prong of the qualified privilege test. The second prong holds far more promise.

If the rule really is — and it appears to be — that courts will protect tax returns so long as the same information is made readily available in some other form, then the simple answer ought to be that you should provide the information in some other form. That should be easy. The tax return itself is presumably based upon other documents. And even if other documents do not exist, you can create them. A simple affidavit from the taxpayer reciting income, or assets, or other relevant details ought to provide an alternate method of informing.

But don't wait too long before offering to supply information short of the actual returns. In *Bessier v. Precise Tool & Engineering Co., Inc.*, 778 F. Supp. 1509 (W.D. Mo. 1991), the plaintiff sought discovery of financial information with a broad, blanket request. When the defendant objected, the plaintiff

agreed to substantially limit the request; but the defendant persisted in the objection. The court's reaction was simple; "since defense counsel elected not to cooperate with plaintiff's counsel in refining the document production request, a tactic ill-advised in this venue, the court will grant plaintiff's motion and order defendant to produce all of the items requested." *Id.* at 1514. Ill-advised in that or any other venue.

When you get hit with a request for your client's tax returns, and if your client would prefer not simply to produce them, you need not push the panic button in response to your opponent's attempt to push your hot button. Look for a way to provide the information without providing the return, and this simple strategy will pay great returns.

# DISCOVERY

## If Rules Only Ruled

By Jerold S. Solovy  
and Robert L. Byman



We call them rules, but come on. “No spitting allowed” is a rule. “One to a customer” is a rule. Rules resolve things; they prevent controversy. But if you have come to believe that the Federal Rules of Evidence and the Federal Rules of Civil Procedure are rules, you should ask for a refund on your law school tuition. We call them Federal Rules, but in large measure they can be interpreted in myriad ways. They often provide no clear cut answers. They contradict one another. These rules do not rule.

Rock, paper, scissors. One rule trumps another. Start with the rule that “all relevant evidence is admissible” except, of course, as otherwise provided by some other rule. (F.R.Ev. 402.) Rock. Work product, by definition, is relevant to the litigation, but work product — especially core work product which goes to the mental impressions of the attorney, is entitled to “nearly absolute” protection against discovery. (F.R.Civ.P. 26(b)(3)); *Nutramax Labs., Inc. v. Twin Labs., Inc.*, 183 F.R.D. 458 (D. Md. 1998). Paper. But enter Federal Rule of Evidence 612. If you use a document — even a core work product document entitled to nearly absolute protection — to refresh recollection for purposes of testifying, the “adverse party is entitled to have the writing.” Scissors.

But it’s not that simple. Witness preparation is a staple of the litigator’s diet — and using privileged materials in preparation

is as common as ham on rye. We do this so often that we ought to have no trouble knowing the rules. But for some reason, the courts which have interpreted them have come to all sorts of different conclusions. As one court put it so well, “although many courts have analyzed this issue, the results have not been consistent.” *Id.* at 462. And let’s be very clear. We are not criticizing courts for having some trouble with how these inconsistent rules play out. We wrote on this very subject ourselves nearly four years ago, and when we reread our earlier article, we observed that we were wrong. Well, no, maybe we were right. Well, maybe not. One thing is clear — four years and many cases later, the answers are no easier to come by.

### Case Study: *The Witness Needs Help*

When all heck started to break loose in what is now a nasty lawsuit, you sat down and interviewed the dozen key players, gleaned the facts, studied the law and put everything into a three-page executive summary which concisely organizes the key facts, sets out the legal theories, and candidly assesses the strengths and weaknesses of your case, warts and all. We aren’t simply talking about core work product here, we are talking about nuclear reactor core. There is no question that your three-page document is protected work product.

But now, three years later, as you prepare your central witness Karen Feeding for her deposition, you find that she has gone brain dead on you. She doesn’t remember much; what she does remember is inconsistent with the truths you need to tell at trial to win. So you pull out your three-page summary and ask Karen to read it. Epiphany! I remember now, she says, and strides confidently into the deposition, ready to recite the facts. But, alas, opposing counsel has no wish to learn the facts just yet. The first question is “what documents did you review in preparation for your testimony?” Your sphincter pinches and you have an out of body experience as Karen describes your three page summary which provides a road map into every perceived weakness in your case. You are brought back to awareness by your opponent’s demand for the production of the document. Have you lost work product protection by showing the document to Karen? Can you turn over a redacted version which contains only the few paragraphs relating to the factual analysis or do you have to turn over the entire document, including the “Oh, my God, I hope the other side never sees this” section?

Fair questions. And we will give you fair, direct answers. The same answer given by Snoopy to the eternal question, “What is the meaning of life?” Snoopy, reclined on his doghouse roof, mused “as I search for the answer,

I look to the heavens and the majesty of the universe and ask God to give me the answer. And then it comes to me. The answer is: ‘I don’t have the slightest idea.’”

Neither do we. The simple fact is that we can find you reported decisions going every which way. Produce it. *Aniero v. New York City Sch. Constr. Auth.*, 2002 WL 257685 (S.D.N.Y. 2002). Redact it. *Hiskett v. Wal-Mart Stores, Inc.*, 180 F.R.D. 403 (D. Kan. 1998). Protect it. *Butler Manuf. Co., Inc. v. Americold Corp.*, 148 F.R.D. 275 (D. Kan. 1993). We don’t have the slightest idea what your judge will do on your particular case.

### Case Study: *The Witness Is Beyond Help*

Let’s vary the facts a little. Karen comes to you brain dead. You show her the core memo. It doesn’t help. Not one bit. Karen remains lost in unrefreshed ignorance. You bite the bullet and produce her for deposition, hoping that you will be able to refresh her trial testimony later by having her sit down with the actual people and documents and spending more time with the facts. But at least for purposes of producing your work product, you’re safe, since the memo did not refresh her memory, right? Not necessarily. We don’t know if the drafters of Rule 612 meant to be vague — but they were. “If and only if the witness has an actual lightning bolt of refreshed

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memory from seeing a document, produce it” is not vague. Or “If the witness is so much as shown the title of a document, produce it” is not vague. But the actual Rule talks about production “if a witness uses a writing to refresh memory.” What does that mean? Is it the actual refreshment of memory which is the test, or is it the act of attempting to refresh memory? You could argue — and you can find cases — both ways. On the one hand, you could argue that the protection of core work product is strong, and should not be lost where it had no actual impact on a witness’ testimony. See *Bank Hapoalim v. American Home Assurance Co.*, 1994 WL 119575 at \*7 (S.D. N.Y. 1994). But you could argue with equal force that “actual refreshment is immaterial.” *Audiotext Communications Network, Inc. v. US Telecom, Inc.*, 164 F.R.D. 250, 254 (D. Kan. 1996).

It is easy to understand that you should be entitled to see a document that actually influences testimony so that you can cross-examine on why and how the influence occurred. But if a document does not refresh recollection, the failure to refresh could be equally important — maybe more so. At deposition, Karen says “I don’t remember who was at the meeting. Yes, I was shown the core work product document, but it absolutely did not refresh my recollection.” At trial, Karen has been brought back to life with thorough reeducation: “I remember now who was at the meeting; it was Smith, Jones, and me. I talked to Smith after my deposition, and Smith reminded me that we should wish Jones a happy birthday at the meeting; that jogged me, and I remembered the cake and everything.”

All well and good; Karen is subject to mild impeachment from her failure to remember at the deposition, but she has given a plausible reason for having a refreshed recollection. But now suppose opposing counsel had access to your core work product document, the one that recites “Karen Feeding, Smith and Jones attended the meeting. Smith told Feeding to be sure to wish Jones a happy birthday. Feeding went out

and got a cake.” Now the impeachment is demonstrably better. It is incredible that Karen now remembers events she could not recall at her deposition, even though an attempt was made to refresh her recollection with exactly the same facts she now uses to justify her newfound recollection. The point is that a point can be made from any attempt to refresh recollection, whether or not it actually refreshes.

But even for courts inclined to make actual refreshment the test, how do you test that? Do you take the witness’s word? Maybe. *Monticello Ins. Co. v. Kendall*, 1998 WL 173194 (D. Kan. 1998)(witness testified that he reviewed documents, but record silent on whether they influenced testimony, so production not required). Maybe not. *Nutramax Labs. v. Twin Labs.*, 183 F.R.D. 458 (D. Md. 1998)(“I reject this argument [that the deponent has to admit refreshed recollection] for the obvious reason that, if correct, a witness could always avoid the reach of the rule by simply denying that the documents refreshed his or her recollection”).

#### **Case Study:**

#### ***I Was Helped But Now I’m Lost***

If there is some question about taking the witness’s word for what did or did not actually refresh recollection, what about relying on the witness to accurately describe what was shown to her? Karen remembers that she was shown things in preparation for her deposition. But, like most witnesses, when asked what she saw, she can’t remember what those things were. Is your opponent stuck with her inability to describe that 3-page document?

We have never actually seen this done — and we will object if someone tries to do it to us yet argue its propriety if we decide to do it — but why couldn’t your opponent serve a document request for “all writings used to refresh memory for any deposition.” Objection, you say. Calls for work product. Well, objection overruled; see above. Can’t comply, you say, she doesn’t know what she saw. But the document request is made on your client and

you are your client’s agent and you know perfectly well what you showed Karen.

This issue routinely comes up, if not in the context of a smoking work product document, then with compilations of documents assembled from vast universes of document production. Each side has produced two million documents to the other. Each side has carefully selected a notebook of key documents. And it would border on malpractice not to go over the key documents with your witness in preparation. The culling and compilation of the key documents may or may not be work product — courts disagree. But let’s not try to answer that eternal question; the topic for today is whether we have to turn over work product because we have shown it to a witness during preparation. Assume it is work product. Do you have to give your opponent the compilation? Again, the answer is a resounding “maybe.”

We don’t have to offer different courts, different judges to show that different answers are possible. In *Nutramax Labs. v. Twin Labs.*, 183 F.R.D. 458 (D. Md. 1998), a single judge went both ways; the court accepted that the compilation of selected documents out of a large universe is work product; and for certain witnesses — whose testimony was found to be impacted by the compilation — production was ordered; for others — whose testimony was unaffected — production was denied. The score: Clarity: 0, Baby: split in half.

Don’t forget that Rule 612 only applies to writings, not oral communications. It is a thin and academic distinction, but a real one, that your oral communications during deposition preparation retain the privilege, while your disclosure of writings may not. So why show any document to your witness? Why not paraphrase? Your neat, three-ring binder of key documents might become subject to production if you hand it over to your witness in preparation, so why do it? The answer, of course, is that memory is better refreshed with visual aids than oral paraphrase. So you need to balance fear of waiver against

efficiency and good witness preparation.

Agoraphobics know you can’t get into an accident outside the home if you never leave your home. If you want to be absolutely sure that you won’t lose your work product, don’t share it with anyone. But if you want to win your case, if you want to have well-prepared witnesses, you may have to take a chance or two. Just don’t be deluded into thinking the rules are clear.

# DISCOVERY

## Tips For Good Service

By Jerold S. Solovy  
and Robert L. Byman



Lao Tse observed that a journey of a 1,000 miles must begin with a single step. True enough. No matter how meritorious your lawsuit, your journey cannot begin without the simple step of serving the defendant. And if you trip on that step, it will be the only trip you take. To prove the point, we offer you a modest, modern fairy tale. Well, not so much fairy tale – we do not have good enough imaginations to have made this up (although the names have been changed to protect the guilty) – but it is a great story.

### *A Modern Parable*

Once upon a time, there was a financial drought which forced Prince Charming Inc., to make a significant reduction in its work force, laying off 20 senior elves. One of them, Ken Tankerous, was miffed at being riffed and hired the meanest and baddest plaintiffs' employment law firm in the kingdom, Ashcan & Shriek, to reign terror upon Charming. Herme Shriek himself devised the litigation strategy. A lawsuit was filed against Charming, claiming violations of the ERISA statute in connection with the pension benefits offered in severance; simultaneously, an action was filed before the EEOC, alleging age discrimination.

When we rode in on our white chargers, we found cause to both rejoice and travail. The good news was that the ERISA lawsuit was as

weak as the straw house of the first of the three little pigs; the bad news was that, while we knew Charming to be true of heart, the age discrimination claim had some superficial merit. For some reason, the 20 discharged elves were all over 45; and the division manager who selected the lucky recipients of early retirement had mentioned to wide and diverse audiences that it was necessary to "get new blood" into the company. We filed a motion to dismiss the ERISA claim, but we held our collective breath, awaiting EEOC action on the age discrimination claim.

The wise district court judge granted our wish on ERISA; case dismissed. Shriek took it up the beanstalk to the Seventh Circuit, but we were not particularly concerned. But while that case was on appeal, the EEOC concluded its investigation on the age discrimination charge and issued a right to sue letter. Shriek did just that, filing the dreaded complaint. And then things got interesting.

Knowing that we represented Charming, Shriek sent a courtesy copy of the complaint to us. But, oddly, we never received any indication of formal service. Charming was never served directly; Charming's registered agent CT Corporation, never reported service. What to do? We could have ignored the courtesy copy, of course, but would that have been courteous of us? No, of course not. So we wrote to Shriek, thanked him for the copy, and told

him that while we were not authorized to accept service, we would be happy to begin communications on the conduct of suit. And twenty days after we had received our courtesy copy of the complaint, we filed an answer. We admitted what we had to, denied what we could, and set out a list of affirmative defenses, one of which was that "Ken Tankerous' complaint should be dismissed because he has failed to properly serve Prince Charming, Inc."

Like all good plaintiffs' firms, Ashcan & Shriek have form discovery requests they routinely file with each new case. The form interrogatories asked for chapter and verse on our affirmative defense. And we duly responded: "the factual basis of our affirmative defense is that plaintiff has failed to properly serve defendant."

If you've never studied Fed. R. Civ. P. 4(m), now might be a good time to take out your rulebook and read it closely. Memorize it. Heed it. Rule 4(m) states that if service is not made within 120 days of the filing of the complaint, the court may on its own motion or the motion of a party dismiss the action without prejudice. We waited 121 days, and filed our motion. Well, so what, you say – the dismissal would be without prejudice, so what's to be gained? Ah, but the statute of limitations for filing an action for age discrimination is 90 days after the issuance of the right to sue letter.

Oops. If they hadn't read Rule 4(m) carefully before, we bet that after they got our motion Ashcan & Shriek spent a few person-years on it over the next several days. Herme Shriek went into high gear. And he came up with all sorts of arguments, theories and stratagems to save the day. He huffed and he puffed. None of it worked. We were pigs in a brick house.

First, Shriek huffed that service was in fact made. Now, CT Corporation is in the business of keeping good records. And we attached to our motion to dismiss the affidavit of an officer of CT reciting that she had carefully checked the careful records and CT had no record of any service having been made on Charming. Perfidy or sloth, Shriek countered, as he offered the affidavit of a lawyer who had spoken to the clerk who was supposed to deliver the summons and complaint to CT, and the clerk told the lawyer he was pretty sure he did so.

Second, Shriek puffed that all this was form over substance. Even if service hadn't been formally made, there was no harm, no foul, because the courtesy copy put Charming on actual notice. Charming timely received the complaint. And third, Shriek added, Charming had waived any defects in service by voluntarily appearing, filing an answer, participating in discovery and court status hearings, acting as if there was no problem.

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Fourth, Shriek huffed and puffed that the answers to interrogatories were not forthcoming because they simply stated in conclusory fashion that service had not been properly made. It was a discovery abuse, Shriek shrieked, for Charming to give an incomplete answer to hide the facts and lay in wait until the 120 day period had elapsed.

Fifth, Shriek used his new-found understanding of Rule 4(m) – now that he had read it – to argue that the judge should excuse him from the effect of the dismissal rule. Rule 4(m) makes it mandatory that the court allow additional time to affect service if the plaintiff shows good cause for the original failure to serve; but the Rule grants the court discretion to allow additional time even in the absence of good cause. The Rule’s Committee Notes specifically cite as an example of a reasonable to exercise discretion the fact that a statute of limitations might bar a re-filed action, an event Shriek grudgingly but parenthetically observed (he certainly did want to actually *admit* that there was a statute problem) might be a possibility.

And, finally, sixth, Shriek decided that he would not concede the statute of limitations issue at all; in addition to the arguments he raised to try to save his original case, Shriek filed a whole new action for age discrimination. When we filed our affirmative defenses and motion for judgment, Shriek argued that the second complaint related back to the first. (Well, actually, the second and first were third and second since the real first complaint was the ERISA action, but we digress.)

Did we mention that none of these attempts worked? As to the re-filed action, the court made short work of that. While a dismissal may be without prejudice, that does not mean it is without consequence. If the statute has run while the defective suit was pending, the statute has run. And when a case is dismissed “and filed anew,” the new suit must satisfy the statute of limitations. *Powell v. Starwalt*, 866 F.2d 964, 966 (7<sup>th</sup> Cir. 1989). Second case dismissed.

The other arguments fared no better. Tankerous did not satisfy his burden of proof to show that he had actually made service on CT Corporation with the hearsay affidavit of a lawyer who heard that a clerk thought he had made service. But even if Shriek had been able to do better than hearsay and equivocation, he probably would have lost that fight. Even with an affidavit that said “I delivered the envelope with summons to CT” Shriek would have had no better than an evidentiary tie, but the burden was his.

#### ***Sometimes Form Rules Over Substance***

It may seem like form over substance, but the formal act of service *is* important. “Even though service of process today has become more flexible than it once was, it is still a critical part of a lawsuit. It is a weighty matter to receive a formal summons from a court, demanding that one appear to defend the claims set forth on the attached complaint. Perhaps for that reason, federal and state courts alike continue to insist that defendants receive proper service before they are drawn into litigation.” *Troxell v. Fedders of North America, Inc.*, 160 F.3d 381, 382 (7<sup>th</sup> Cir. 1998).

There was no waiver. We acknowledged receipt of the courtesy copy – but specifically disclaimed authority to accept service. We answered – but specifically set out the affirmative defense that there was a failure of service. Now, we all know that a general appearance waives jurisdictional defects. Doesn’t it also waive service defects? Well, no. Either you are properly served or you are not. And you can accept inadequate service, but you don’t waive a defect in service if you say you aren’t waiving it by asserting an affirmative defense.

There was no discovery abuse. We think that our answer to the interrogatory was full and complete and accurate. But if it was not, that possible inadequacy was a discovery matter which should have been taken up on conference and motion.

Tankerous and Shriek’s best hope was to appeal to the district court for the exercise of discretion. After all, when the motion to dismiss was filed, what real harm would have been done to Charming if the court had given Shriek and Tankerous a little extra time to see to the formality of service? How could the court not exercise discretion to allow a plaintiff a day in court? The Seventh Circuit answered: Tankerous “really had nothing going for his position except the mercy of the judge, and in this case the mercy pool was dry.” *Panaras v. Liquid Carbonic Industries Corp.*, 116 F.3d 1482 (7<sup>th</sup> Cir. 1997); *see* earlier decision at 94 F.3d 338 (7<sup>th</sup> Cir. 1996).

Why was the mercy pool dry? We don’t know for sure, but we suspect it was because Shriek raged so many arguments about why his case should not be dismissed, that his one realistic argument was ignored. If Shriek had merely come in with a sincere *mea culpa*, he might have invoked sympathy. But by blaming CT Corporation, by blaming defense counsel, by looking for legal loopholes, he drained the sympathy right out of the mercy pool.

#### ***The Moral: Know and Follow the Rules***

There are morals large and small to be learned from our true story. Procedural rules cannot be ignored. You cannot assume simply because someone is participating in your party that they were properly invited and will not later raise the defect to leave you with a mess to clean up.

But the biggest moral of all may be that it doesn’t always make sense to use every argument at your disposal. Shriek had three lawsuits, only one of them with real merit. He had six arguments to try to save his one true suit, but only one of them virtuous. And that argument got lost or ignored in the noise. If you seek mercy, you must be worthy of mercy. If you seek an exercise of discretion, you may find modesty of argument to be the best argument of all.

# DISCOVERY

## Too Much Discovery

By Jerold S. Solovy  
and Robert L. Byman



It might be easier to ask the leopard to change its spots, but we need to change the way we think about discovery. We take too much discovery. Well, we don't, you do. Well, you don't, but we all know people who do. And they don't need to do it. F.R.Civ.P. 26(a) has been given unto us – a gift from the gods – but is too often overlooked.

Too much discovery is conducted to delay, annoy, inflict pain, or extort. We have actually had opposing counsel argue “whether our claim has merit or not, our settlement demand is less than it would cost you to respond to discovery.” But even with good intentions, too much discovery is conducted without thought, out of sheer rote. We feel obliged to construct the most onerous possible document requests and interrogatories, designed to unearth every conceivable piece of paper and detail, without any thought to whether we will use any of it at trial. We cast the widest possible net on the assumption that, like chicken soup, it can't hurt. Ah, but it can. Put aside for a moment how much it costs to review a million pages of trivia that will never see the courtroom. The truth is that it *can* hurt to take too much discovery.

In a recent edition of *Litigation Magazine*, Gregory Joseph makes the compelling case that it is often better *not* to take the deposition of your opponent's expert witness in federal cases. Rule 26 requires an expert report;

Rule 37 locks the witness into her report, prohibiting testimony to any undisclosed opinions or bases. If you depose her, she may learn more about how to withstand your cross examination than you will learn about her; more critical, you give her the opportunity to orally supplement and therefore expand the scope of her trial testimony beyond the report. Greg does not suggest you should never take an expert deposition; but you should never take it without carefully thinking through the pluses and minuses. “*Expert Approaches*,” *ABA Litigation Magazine*, Summer 2002.

Greg's advice is too good to be limited to experts. There really are only two legitimate reasons to take discovery. First, we take discovery to, well, to discover – to learn something we do not yet know. Second, we use discovery to protect – to box out against the possibility of surprise at trial, pinning down what our adversary knows and does not know. (There is a third reason – to preserve trial testimony for an unavailable witness – but that isn't discovery, so let's not dwell on that.) OK, news flash – if we agree those are the reasons to take discovery, then Rule 26 eliminates most of the need to do it!

### **Rule 26 Eliminates the Need for Broad Document Requests**

Without lifting a finger, without drafting a single document request or interrogatory, Rule 26

gives you pretty much all of the document discovery you'll ever need. With the 1993 amendments, Rule 26 introduced the startling concept of requiring initial disclosure of “all documents, data compilations, and tangible things in the possession, custody or control of the party relevant to disputed facts alleged with particularity in the pleadings.” All relevant documents – both good and bad. But perhaps because the concept of early, mandatory, all-inclusive disclosure was a huge pill to swallow, the Rule allowed individual courts to opt out of the requirements, and the exceptions soon overwhelmed the Rule. The 2000 amendments took away the opt out right in order to establish a uniform national practice. But mandatory disclosure was still a very big pill, so the requirement to produce *all* relevant documents was narrowed to require production only of anything that might be used in support of the party's claims or defenses. So you get the good (that is, good for your opponent) documents automatically; if you want the bad documents (bad for her, good for you), you have to ask.

Rule 26 (a) requires – requires – that your opponent give you copies of (or describe) all documents that she may use to support her claims or defenses. If she finds additional documents after the initial disclosures, Rule 26 (e) requires that she supplement the production. Without troubling your finger, you have the

reasonable certainty that you have received everything your opponent can offer at trial to support her claims and defenses. That is because, in its simple elegance, Rule 37 (c) provides “A party that without substantial justification fails to disclose information required by Rule 26(a) . . . is not, unless such failure is harmless, permitted to use as evidence at trial . . . any witness or information not so disclosed.”

Rule 37 is self-executing. No motion to compel is necessary. No further action on your part is necessary. If the document should have been produced under Rule 26, and was not, it must be excluded unless your opponent meets the burden of showing that the failure to produce under Rule 26 was justified or harmless. *Continental Lab. Prods., Inc. v. Medax International, Inc.*, 195 F.R.D. 675 (S.D. Cal. 2000)

You do have to move your finger to ask for the smoking guns. Do that. But you don't have to ask for anything else. Well, says the leopard, how can you be sure there isn't something else to spot? Isn't it safer to ask for every possible document so that nothing is missed? Not necessarily. Overbroad discovery is not chicken soup; it *can* hurt. If you ask for and receive every possible document, you will have lost the box out advantage bestowed upon you by Rules 26 and 37, because your opponent will no longer be limited to the Rule 26 disclosures;

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he will be able to introduce at trial anything in the larger universe.

### **Rule 26 Eliminates the Need for Routine Interrogatories**

Rule 26 largely does away with any real need for interrogatories as well. We have all seen them. The bone crushing interrogatories. Six pages of instructions, two pages alone on what it means to “identify” something, preceding questions so open-ended they defy any possible answer: “Identify each individual with knowledge of the transaction and, as to each such person, state in detail their knowledge and involvement, describing each and every fact known to that person.” You may really want an answer to that question, but you aren’t likely to get it. No self-respecting lawyer will answer without objecting. And while there may be a judge somewhere who would compel an answer, mainstream response is more likely to be that “the burden to answer . . . outweighs the benefit to be gained.” *IBP, Inc. v. Mercantile Bank of Topeka*, 41 F.R.D. 316, 321 (D. Kan. 1998)

When you come right down to it, interrogatories are only genuinely useful in limited circumstances. They are useful to identify people with relevant knowledge. And they are useful to get answers to simple questions which have simple answers that cannot easily be avoided such as “yes”, “no”, or “1996.” If you have such simple questions, by all means serve interrogatories. But you really don’t need to ask for the identity of people with relevant knowledge because Rule 26 already does most of that for you. Without so much is asking for it, Rule 26 (a)(1)(A) requires disclosure of the name, address and telephone number of “every individual likely to have discoverable information that the disclosing party may use to support its claims or defenses.” All you have to do in your interrogatories is plug a little gap by serving an interrogatory asking for the identity of individuals with discoverable information relevant to support your own claims and defenses.

### **Taking a Deposition May Cause More Harm Than Good**

Which brings us to depositions. We take too many of them and we make them too long (yes, even we do that sometimes). But the people who make the rules want to change that. In 1993 the rules were amended to limit each side (each side, not each party) to 10 depositions. In 2000, each deposition was limited to seven hours. Of course, courts have the discretion to extend those limits and, inertia and rote being the powerful forces they are, extensions seem almost routine. For example, in *Miller v. Waseca Medical Center*, 205 F.R.D. 537 (D. Minn. 2002), the court observed that (1) he did not understand why the Rule had been amended to presume a seven-hour limit, yet (2) having been amended, he was required to follow the Rule, but (3) in his view, surprise, surprise, good cause existed to ignore the Rule.

Courts may be slow to apply the rule literally, but it is just a matter of time. It is now the presumption that there ought to be a limit on the number and length of depositions. Eventually, courts are going to truly impose those presumptions on us, so we need to start getting accustomed to making good decisions about how to stay within the limits.

In the vast majority of cases, depositions really are useful. Certainly, they give us a comfort level about what a particular witness is going to say at trial. But useful and essential are different things. We often hear lawyers say “I damn sure want to know what the witness is going to say before I hear it for the first time at trial.” OK, but why exactly is that? The witness is going to say what she is going to say. And unless we admit that we are dullards who need six months to think of a clever retort, what difference does it make when she says it? Well, say our well-prepared friends, we need the deposition for its impeachment value – the witness is bound to say different things at her deposition and at trial. Probably so, but we have, between us, been trying cases for over 75 years now, and we can only think of one time

when an impeachment by deposition actually had some impact on a jury (and we aren’t really sure how much impact). Maybe that one time justifies the zillion depositions we have sat through, but probably not.

It is not enough that discovery *might* be helpful – we need to make thoughtful decisions about whether taking discovery can actually be *harmful*. And for the same reasons that Greg Joseph suggests thinking twice about taking an expert deposition, you need to analyze whether you might hurt your case by deposing *any* individual. Rule 26(a)(1)(A) requires disclosure of the subjects of information each witness has. So assume you get a disclosure that John Doe is likely to have information about the negotiation of the contract which is the subject of your lawsuit. You are pretty sure that your judge heard about the Parole Evidence Rule when she went to law school, so you are comfortable that there won’t be any trial testimony about the negotiation of the contract. If you depose Doe, and Doe testifies about the performance of the contract after its execution, Doe can and probably will show up as a trial witness on the subject; if you don’t depose Doe, you can probably have that testimony excluded under Rule 37. So why do you want to open that door? Maybe, just maybe, you don’t.

Of course, Rule 26 only applies to parties. Discovery from non-parties must be initiated. And even as to parties, Rule 26 has some obvious gaps which need to be filled with formal discovery. You need to take some discovery. Just not too much discovery. Rule 26 does an awful lot of the work automatically if you simply let it work for you. This is not a true/false examination. There is no right or wrong answer to the question “should I take a particular form of discovery.” Well, no, there is a wrong answer. It is wrong to simply take discovery without carefully thinking through whether it is helpful.

# DISCOVERY

## Control Freaks

By Jerold S. Solovy  
and Robert L. Byman



“When *I* use a word,” Humpty Dumpty said in a rather scornful tone, “it means just what I choose it to mean — neither more nor less.”

“The question is,” said Alice, “whether you *can* make words mean so many different things.”

“The question is,” said Humpty Dumpty, “which is to be master, that’s all.”

- Carroll, *Through the Looking Glass*.

Every Rule 34 request for documents requires production of documents within a party’s “possession, custody, or control.” “Possession” and “custody” are simple enough terms. You possess something if you both own it and have it; you are in custody of something if you have it whether or not you own it. But when the masters of Rule 34 used the word “control,” what exactly did they mean, more or less?

### ***A Party Controls What It Has the Legal Right to Obtain***

“Control is defined as the legal right to obtain documents upon demand.” *United States v. International Union of Petroleum & Indus. Workers*, 870 F.2d 1450, 1452 (9th Cir. 1989). In fact, “the word ‘control’ is to be broadly construed,” so perhaps it is too limiting to hold the line at enforceable legal rights; we need

to define “control” to include the mere practical ability to obtain the requested documents. *Scott v. Arex*, 124 F.R.D. 39, 41 (D. Conn. 1989)(“[a] party controls documents that it has the right, authority, or ability to obtain on demand.”) Simple enough then. Rule 34 requires a party to produce anything over which it can exert control, that is anything to which it has a legal right or the practical ability to obtain.

Seriously? Anything?

Consolidated Widget has brought an antitrust action against Federal Widget, alleging that Federal has monopolized the U.S. widget market. Consolidated serves a Rule 34 request on Federal to produce all documents in its “possession, custody or control which show total U.S. widget sales from 1990 through 2000.” Federal responds that it will produce records of its own sales but that it has no other documents in its possession or control that would show sales by others. Nonsense, Consolidated says; it brings a motion to compel Federal to provide records of total U.S. sales by other manufacturers and seeks sanctions for Federal’s failure to obtain those records. After all, Consolidated argues, that information is readily available from the U.S. Commerce Department. Federal has the legal right to obtain that information on demand by making a Freedom of Information Act request. Under *Petroleum & Indus. Workers*, that

legal right means that Federal has control, doesn’t it?

Or try this out. Consolidated asks Federal to produce all news articles describing widget sales published from 1990 through 2000. Federal produces the handful of articles it can locate in its files. But, Consolidated argues, the production is incomplete. A Lexis-Nexis search would uncover more articles; a careful search of the Library of Congress would uncover still more. Federal has the practical ability to do those searches, and it has the legal right to check materials out of the library. So Consolidated has the right to require Federal to do all of that, right?

### ***But It Can’t Be That Simple***

P-lease. It can’t be that’s simple. Surely the drafters of Rule 34 did not mean that a party must obtain possession of requested documents simply because it is possible to do so. There are all kinds of situations in which a party may have the legal right or practical ability to obtain documents it does not already possess; but surely Rule 34 was not meant to allow a litigation adversary to shift the cost of research and investigation to an opponent under the guise of “you can get it, therefore it is under your control.”

In *Clark v. Vega Wholesale Inc.*, 181 F.R.D. 470 (D. Nev. 1998), Vega sought discovery on Clark’s allegations of physical

injury by requesting Clark’s medical records. Clark did not have possession or custody of those records, so Vega asked that Clark execute a release which would allow Vega to obtain them directly from Clark’s health-care providers. Note that Vega did not even suggest that Clark should herself be put to the expense or bother of obtaining her own medical records, but simply that she should be required to sign a piece of paper so that Vega could do all of the legwork itself. Surely, Clark had the legal right, or at least the practical ability, to obtain her own medical files from her own doctors. But the court denied Vega’s motion, finding that Clark did not have control over the records. The same result was reached in *Neal v. Boulder*, 142 F.R.D. 325, 327 (D. Colo. 1992) — “Plaintiffs cannot produce medical records over which they do not have control.”

The *Clark* and *Neal* courts held that there was no control, but neither decision offers any particular reasoning for that holding. A bit more illuminating is *Young v. Holmes*, 134 F.R.D. 291 (D. Nev. 1991). Holmes (yes, that Larry Holmes, the heavyweight boxer) sought admittedly relevant copies of articles written by Young, a New York Post sportswriter who had written extensively about Holmes. The parties agreed that Young had not retained possession or custody of all of his articles, but Holmes argued that the burden of searching

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for and identifying those articles was better placed on Young, who was the author and therefore had the better sense of what might be out there; moreover, Young was also the plaintiff and had put the relevance of those articles into issue. Not good enough, said the court. Both parties had the equal ability to obtain the articles from the Library of Congress or the newspaper or other public sources. "Plaintiff cannot expect defendant to do his work for him." *Id.* at 294.

Is that it, then? Is a party's control over documents measured by or somehow proportional to the degree of difficulty required to obtain possession of them? No. Vega did not ask Clark to do research, spend money, or expend time. The fact that a party can obtain something easily does not mean it has control. "The fact that a party could obtain documents if it tried hard enough and maybe if it didn't try hard at all does not mean that the document is in its possession, custody, or control; in fact it means the opposite." *Chaveriat v. Williams Pipeline Company*, 11 F.3d 1420 (7th Cir. 1993).

And even if a request would require substantial effort, not all courts are reluctant to order one party to toil for another. Cole, a named defendant in a securities action, had testified before the Securities and Exchange Commission; plaintiffs, understandably, wanted a copy of the transcript, but Cole had declined to request a copy from the SEC, so he was not in possession nor did he have custody of a copy. *In Re Legato Systems Inc.*, 204 F.R.D. 167 (N. D. Cal. 2001). Moreover, Cole argued, he did not control the transcript because he had no absolute legal right to obtain a copy; under SEC rules, the Commission could for good cause deny a request. Nice argument, but no cigar. Citing *in Re Woolworth Corp. Securities Class-Action Litigation*, 166 F.R.D. 311 (S.D.N.Y. 1996) the court ordered Cole to get the transcript: "because she has a legal right to endeavor to obtain the transcript, [the witness] has 'control' of it for purposes of discovery." *Legato* at 169.

*Herbst v. Able*, 63 F.R.D. 135 (S.D.N.Y. 1972) took it even further. There, the court required a corporate defendant to obtain SEC testimony given by its individual employees who were not themselves parties and not subject to a Rule 34 request. The court reasoned that the Corporation ought to be able to control its employees and direct them to obtain the transcripts; since it could control its employees, the corporate party was deemed to have control over documents the employees had a right to obtain.

And not only does this line of cases require parties to obtain documents beyond their immediate possession, the cost of procurement is placed on the hapless respondent. In *Biben v. Card*, 119 F.R.D. 421 (W.D. Mo. 1987), an individual defendant objected to having to produce his SEC testimony because the imposition of that cost would be expensive, oppressive and burdensome. Tut, said the court, all litigation is burdensome and expensive. "[I]t seems reasonable to require that each defendant who has testified before the SEC to procure a copy of his own testimony at his own expense." *Id.* at 429.

#### ***The Real Goal Is to Make Discovery Expeditious and Efficient***

So where does this leave us? One line of cases holds that a party has no obligation under Rule 34's "control" standard to do so much as sign a release so that discovery can proceed; another line holds that a party must dig into his own pocket to pay the cost of obtaining something he does not have so that his adversary can copy it. And neither side does much to acknowledge or distinguish the other. Well, a little bit of guidance is supplied in *Clark v. Vega*, where the court found that there was no control, but acknowledged that other courts which had found control in similar circumstances seemed to do so because it was "the most expeditious, efficient, or least expensive means of procuring information . . ." *Id.* at 472.

In the medical records cases, while the courts have denied the

propounding party a shortcut to make discovery ultra easy, there is not much question that the discovery is available simply by going to the party who does have possession. But in the SEC cases, it is not altogether clear that the propounding party will be able to dislodge the transcript from the SEC without the aid of the witness; so the courts are a bit more quick to find "control" as a means to expedite discovery. Thus, for example, the court is incited to find control where the contrary finding might mean that discovery will be frustrated. See *Prokosch v. Catalina Lighting Inc.*, 193 F.R.D. 633 (D. Minn. 2000) (control found where party had "practical ability" to obtain documents from a foreign affiliate not subject to U.S. discovery).

So the answer seems to turn more on practical reality than on any real attempt to give the word "control" its plain meaning. A party "controls" its foreign affiliates' documents, says the court, because if it does not, those documents may not ever be subject to discovery. A party "controls" his SEC testimony, because if he does not, it may be difficult to obtain that relevant discovery. A party does not "control" his own medical records, because the party seeking those records has an easy alternative to obtain them directly under Rule 30 and Rule 45. A party does not "control" news articles which are equally available to both sides.

Sophistry! "Control" is dictionary defined as the "authority . . . to direct or regulate." A party certainly has as much – in fact more so – control over his own medical records as does a witness over his SEC testimony. How can the courts draw such thin distinctions?

If this seems critical of the courts, it is not meant to be. They are just doing the best they can with a bad word. The use of the word "control" dates back to original adoption of Rule 34 in 1937, so it is a bit late to ask the drafters why they chose it, but it is they who are to be faulted for using a word inadequate to the task of providing clear, workable rules. What we really mean when we say that "a party must produce

documents in its possession, custody, or control" is something like "a party must produce documents it has in its possession, or which it has the practical ability to obtain and which might be otherwise difficult or impossible for the opposing party to obtain by other means." But until we provide better words, when a court uses a word like "control," it will have to mean what the court chooses it to mean, neither more nor less.

# DISCOVERY

## There Ought To Be a Law

By Jerold S. Solovy  
and Robert L. Byman



We'd like your help. The Federal Civil Procedure Committee of the American College of Trial Lawyers (the "American College of Trial Lawyers Federal Civil Procedure Committee" for short) has on its agenda the issue whether we need an amendment to the Federal Rules to cover electronic discovery. The Committee is in the information collection stage – no decisions, not even tentative ones, have been reached on whether the present rules are up to the task and, if not, what changes might make the rules better. And as part of the information gathering process, we need to know what practitioners in the trenches think. So, within the limits of our one-page format, we'll make the case for and against a rule change. We'd like you to send us an email and let us know what you think.

### *Wake Up and Smell the Twenty-First Century*

When the Federal Rules of Civil Procedure were adopted in 1934, "digital discovery" was illegal in many states and in bad taste in most others. The electronic age has brought revolutionary changes to the way we create, process, communicate, store and retrieve information. Since 1934, there have been 6 amendments to Rule 34, only one of which so much as acknowledged electronic technology. That amendment – made a digital lifetime ago in 1970

– merely spelled out that data compilations are within the scope of permissible discovery. But the rule does nothing to address the special problems of the information age. We need a 21<sup>st</sup> century rule for a 21<sup>st</sup> century phenomenon.

The computer age has turned David into Goliath. Let's not forget that the original David simply got off a lucky shot and probably wouldn't have become King if the contest had been best two out of three falls. But the computer age has put Goliath at a distinct and overwhelming disadvantage. Sue Decrepe brings a sexual harassment claim against her boss, Heywood Jablome, at Nicenbig Enterprises. Sue is represented by Han Solo, whose practice is smaller than his name; Nicenbig is represented by Thorough & Redundant, the largest law firm in the Capitalist world. But it is Solo, in this electronic age, who has the economic leverage. Sue alleges she was harassed, in part, via email; Heywood, she alleges, forwarded his boorish insults to his cronies, each of whom were doing similar awful things to other poor Sues. With a half-hour of work (less if he has a computerized, earlier-used version), Solo can put out a Rule 34 request for every email ever sent by or to any supervisor in Nicenbig. 50,000 employees. Average 100 emails per work day per worker bee. 5 years. Do the math. We're talking over a billion messages.

Now, a good seven, eight hundred million of those messages can't be retrieved without heroic efforts. Nicenbig, like any sane company, routinely deletes emails after 90 days or so. But "delete" just means "move" in the computer age. A deleted email probably still exists on a backup tape somewhere. And if the backup tapes have been purged or overwritten, a reconstruction expert can probably find many of the supposedly deleted files.

So what does Solo get for his half-hour of effort? If Nicenbig is to comply, it must suspend normal business operations and tie up its computers to search and reconstruct the files. And then it has to produce a billion pages of emails. If it does that in hard copy (get out your calculator again) it will have a copying bill with more zeros than hit Pearl Harbor.

Well, come on, you say, no judge is going to make Nicenbig go to that cost. Maybe, maybe not – but so long as there is discretion, there will be trial judges who push the appellate courts' definition of abuse of discretion. We need a rule.

Solo, crafty guy that he is, takes the copier bill off the table. "I don't need hard copy; in fact I don't want hard copy. Give me access to your mainframe and I'll just browse for what I want." Good deal for Solo. As paper, a billion pieces makes an impressive pile but not an easy read. In electronic form, those billion messages can be sorted by author,

recipient, date, department, key word, whatever. In fact, Solo *demand*s production in electronic form for the very reason that he should be allowed to manipulate the data.

Good for Solo; major headache for Nicenbig. No company should be required to tie up its computer systems or lay bare its entire body of data. And here's a related concern. Whether hard copy or electronic, a billion messages. Even if only one in a million are privileged, that's, uh, carry the one, still a thousand potentially privileged documents. How does Nicenbig make sure it doesn't turn those over and blow the privilege? A speed reader could read an average email in 10 seconds. At a billion messages, at a typical 20 hour day, 7 day week for a typical Thorough & Redundant associate, she could do the review in a mere 400 years. Pu-lease. The Federal Rules do not address the enormity of the data that has become potentially producible nor the burdens that producing it entails. We need a new rule.

The proliferation of digital information brings with it the multiplication of digital destruction. Despite the ability of reconstructionists, digital information must be routinely purged – and often is truly deleted. The memories are refreshed to make room for current data. The current rules on spoliation, the draconian inferences drawn from destruction

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of records, no matter how benign, do not meet modern reality. We need a rule to address the business reality that old information must constantly make way for new.

We have been talking merely about emails. What about a commercial case, say a patent infringement action where Nicenbig's sales are relevant? Solo asks for access to Nicenbig's mainframe computer so that he can sort and segregate and massage and manipulate the data. The intrusion to Nicenbig nothing short of violation. But the existing Federal Rule permits – indeed, seems to require it. We need a rule.

A number of states have adopted 21<sup>st</sup> Century rules. For example, Texas has Tex. R.Civ.Proc 196.4, providing that a responding party must produce data reasonably responsive and available in its ordinary course of business, but the requesting party must pay reasonable expenses of extraordinary steps required for retrieval. In Virginia, Va.R.S.Ct. 3A:12 provides that a requestor may have access to electronic data only if it is not reasonably capable of being provided by tangible copy, and then only if the electronic data can be isolated and accessed during normal business hours; otherwise, the requestee may bring a motion for protective order or to quash.

These rules are good first steps. But there should also be a rule, when the burden of conducting a privilege review is economically indefensible, that a review need not be undertaken – and any privileged document thus produced shall be deemed an inadvertent production with the privilege maintained. There should be a rule that reasonable information “refreshing” does not constitute spoliation. There must be a rule that no adversary is allowed free access to roam unfettered in his opponent's computer memories.

We need a Rule.

### ***The Rules We Have Are Just Fine, Thank You***

Excuse me, we have a rule. Sure, times have changed. So what. The rules we have cover

today's news nicely, and constant tinkering with a rule is the surest way to eviscerate it.

The Texas and Virginia rules may provide comfort that the courts will be obligated to impose cost shifting in appropriate circumstances – but that is already what the Federal Rules require. When the 1970 amendments were enacted, the Committee Comments recited:

“The inclusive description of “documents” is revised to accord with changing technology. It makes clear that Rule 34 applies to electronic data compilations from which information can be obtained only with the use of detection devices, and that when the data can as a practical matter be made usable by the discovering party only through respondent's devices, respondent may be required to use his devices to translate the data into usable form. In many instances, this means that respondent will have to supply a print-out of computer data. The burden thus placed on respondent will vary from case to case, and the courts have ample power under Rule 26(c) to protect respondent against undue burden or expense, either by restricting discovery or requiring that the discovering party pay costs. Similarly, if the discovering party needs to check the electronic source itself, the court may protect respondent with respect to preservation of his records, confidentiality of nondiscoverable matters, and costs.”

What more do we need?

The present rules have all the flexibility – and none of the rigidity – needed for digital discovery. Concerned about the burden? Balderdash. In the paper age, the Nicenbigs of the world routinely responded to legitimate discovery requests by assembling millions of pieces of paper, shuffling them into no discernible organization, stuffing them into cartons stacked ten-high in a windowless, airless basement, and inviting poor opposing counsel to come and inspect them. So the digital age may have turned the tables. So what? The rule is still simply “if you have it, produce it.”

Rule 26 (c) allows Nicenbig to seek a protective order any time

that a discovery request might result in “oppression” or “undue burden or expense.” There is no reason why digital discovery ought to be presumed to be oppressive by rule; there is no reason why it cannot be addressed on a case by case basis as is all discovery.

Intrusion into computer secrets? The present Rules have it covered. Protective Order. Spoliation? Companies have been throwing out trash since there was trash. Nothing has changed, just the effort required to empty out the bins.

Actually, that's not entirely true. It's become so easy and relatively inexpensive to save stuff, that it may no longer be reasonable to throw it out. Take those billion emails. An average text email message uses 10 KB of computer memory. A billion of those would take ten trillion bytes. That's a lot. But you could store all of that in a small number of storage devices (dude, you're getting a Dell!) that would take up about as much room as a VCR and would cost a few thousand dollars each. Is that too much to ask of a company the size of Nicenbig? Maybe, maybe not – but that's a question judges and juries can answer just fine under existing rules.

Privilege waiver? How is that different than it has been from time immemorial? We waive privileges if we do not maintain their confidence. If Nicenbig hasn't taken steps already to identify its privileged materials, if it isn't willing to take steps to review its materials prior to legitimate discovery, that's their problem. In particular cases, the court can construct particular rules for inadvertent production. But a general rule change would allow the Nicenbigs of the world to abrogate entirely their obligations to maintain privileges. The present rule is just fine.

Judge Richard Best, of the San Francisco Superior Court, summed it up, well, best: “. . . judges are not perfect but neither are rule makers. . . . A mistake in one case, much as it should be avoided, does not have the adverse consequences of a rule enacted in haste . . . that will affect every litigant in that jurisdiction in the future.” *Modern Practice* (August

2002). Let's trust the judges. We don't need no new rule.

### ***What Do You Think?***

Our space limitations do not let us do credit to either point of view. But that is not the point. We want your point of view. Are the rules OK as is? Do we need amendments? Our email addresses are in the footnote below. We'd like to hear from you.

# DISCOVERY

## Contempt Countretemps

By Jerold S. Solovy  
and Robert L. Byman



“Are you suggesting, Mr. Darrow, that ignorance of the law is a defense?” “No, your honor,” Darrow responded smoothly, “the law presumes that all men know the law — all men, that is, except trial judges, for whom our wise founding fathers have provided Courts of Appeal.”

Your judge got it wrong, and has ordered you to produce the mother of all privileged documents, the attorney-client-let-your-hair-down-warts-and-all-ohmygod-don't-let-the-other-side-see-this document. You know, you just know, that the appellate court will set the trial judge straight; the trick is to get the appellate court setting before you actually have to let the cat out of the bag. And it is a trick, because the answer depends on your status in the litigation, how far you are willing to stick your neck out, and the jurisdiction in which your neck is stuck.

### **Appellate Review Generally Is Limited to Final Orders**

The general rule, of course, is that appellate review is only available for final orders. 28 U.S.C. § 1291. The only statutory exceptions are orders relating to injunctions, receivers and admiralty, or where the trial court certifies that the order involves a controlling issue of law on which there is substantial ground for difference of opinion. 28 U.S.C. § 1292. But the Supreme Court added a judicial exception, the

collateral order doctrine, in *Cohen v. Beneficial Indust. Loan Corp.*, 337 U.S. 541, 69 S.Ct. 1221 (1949). An appeal may be taken when (1) the order appealed from conclusively determines the disputed question; (2) appellate review will resolve an important issue completely separate from the merits of the action; and (3) the order would otherwise be effectively unreviewable.

Well, that's it, then. You meet the first test. There is nothing tentative about the order; it is (you believe) wrong but not wishy-washy. You smash the second test. Having to disclose the smoking gun may become outcome determinative, but the privilege question is separable from the merits of the underlying case; and privilege is undisputedly an important issue. And surely you meet the third test — once disclosed, the privilege is lost. Later review will be totally unavailing.

Exactly, said the Third Circuit, in *In re: Ford Motor Co.*, 110 F.3d 954 (3<sup>rd</sup> Cir. 1997). While a production order requiring divulgence of privileged material could be appealed after final judgment, “there is no way to unscramble the egg scrambled by the disclosure.” *Id.* at 963. See also *U.S. v. Philip Morris, Inc.*, 314 F.3d 612, 620 (D.C. Cir. 2003).

But the circuits are in conflict. Any interlocutory order inflicts some pain on the loser, and courts must balance the need for pain

relief against the need for efficient judicial administration. And on that balance, a number of circuits have a flat rule that, “discovery orders are nonappealable under the *Cohen* doctrine.” *Boughton vs. Cotter Corp.*, F.3d 746 (10<sup>th</sup> Cir. 1993); see also, *In re: Grand Jury Subpoenas*, 123 F.3d 695 (1<sup>st</sup> Cir. 1997).

Suppose your smoldering document is not simply in your and your client's hands. The client's former general counsel, who was fired and who has pending, messy severance litigation going with the client, also has a copy. To protect his law license, he would not voluntarily give up the document, but he is more than happy to be ordered to do so. The Supreme Court provided a remedy for you in *Perlman v. United States*, 247 U.S. 7, 38 S.Ct. 417 (1918), holding that the owner of documents may take an immediate appeal from an order directing production by a third party in custody of the documents, for the simple and pragmatic reason that the custodian has no particular incentive to challenge the production.

On the *Perlman* platform, courts have established different rules for parties and non-parties. While *Perlman* turned on the non-party also being the non-owner, and having no incentive to appeal, the more common scenario is that a third party is asked to give up her own documents. And it just seems unfair to ask her to wait for the end of a fight in which has no dog

before she can get review of a possibly erroneous order. So, for example, the Seventh Circuit holds that “when the order is directed against a nonparty, as it is here, he has no appellate remedy at the end of the litigation, so he is allowed to appeal immediately.” *Dellwood Farms, Inc. vs. Cargill, Inc.*, 128 F.3d 1122 (7<sup>th</sup> Cir. 1997).

In *Burden-Meeks vs. Welch*, 319 F.3d 897 (7<sup>th</sup> Cir. 2003), Judge Frank H. Easterbrook expressed some concern over the rationale and vitality of his Circuit's *Dellwood* holding, especially in view of the fact that *Dellwood* did not mention *United States v. Ryan*, 402 U.S. 530, 91 S.Ct. 1580 (1971), which holds that “one to whom a subpoena is directed may not appeal the denial of a motion to quash that subpoena but must either obey its commands or refuse to do so and contest the validity of the subpoena if he is subsequently cited for contempt.” *Id.* at 532, 91 S.Ct. at 1582-83. But Easterbrook decided there was no point in thinking about overruling *Dellwood* because there was so much disharmony among the Circuits: “Indeed, no matter what we . . . do, a conflict will persist — for in recent years some circuits have allowed even *parties* to appeal immediately from orders rejecting assertions of privilege.” *Burden-Meeks* at 901.

***We Have Contempt For This Rule But You May Have To Be Held In Contempt To Have A Right To Appeal***

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So in the 7<sup>th</sup> Circuit, nonparties may appeal a production order. But in other circuits, if you want to obtain review of an interlocutory discovery order, party or non-party, you must defy the order, get held in contempt, and appeal from the contempt citation. *A-Mark Auction Galleries, Inc. v. American Numismatic Ass'n*, 233 F.3d 895 (5<sup>th</sup> Cir. 2000). There is a clear conflict among the circuits which require a contempt order as a prerequisite to a challenge of a discovery order and those which permit the order to be appealed on its own.

The conflict among the federal circuits is echoed in the individual states. In Illinois and in North Carolina, for example, there is no right of review of an interlocutory discovery order; a contempt citation is the only available vehicle. *Sterling Finance Management, L.P. v. UBS PaineWebber, Inc.*, 782 N.E.2d 895 (Ill. App. Ct. 2002); *Stevenson v. Joyner*, 558 S.E.2d 215 (N.C.Ct.App. 2002). In Massachusetts, the courts “will not require the [parties] to disobey a judicial order before an appeal can be taken.” *Commonwealth v. Liang*, 747 N.E.2d 112 (Mass. 2001).

Those courts that require the contempt step generally do not do so out of some urge to return to the days of the common-law writs, when men were men and lawyers were arcane. If we make it easy to take interim appeals, people will take them, further clogging up dockets. It may be regrettable that an attorney client privilege will be lost because of an erroneous ruling in a trial court, but that is a price that must be paid to keep the machinery running. “It is too late in the day to waste words explaining why interlocutory orders, and discovery orders in particular, are nonappealable despite their irreversible costs. . . . [T]he costs of delay via appeal, and the cost to the judicial system of entertaining these appeals, exceeds in the aggregate cost of the few erroneous discovery orders that might be corrected were appeals available.” *Simmons v. City of Racine*, 37 F.3d 325 (7<sup>th</sup> Cir. 1994). So these courts require contempt as the cost of admission

because “there is every reason to insist that going through the contempt process, which by raising the stakes helps the court winnow strong claims from delaying tactics . . .” *Burden-Meeks* at 900.

#### ***But Not Just Any Old Contempt***

But if interlocutory appeals are not a sure thing, neither is the contempt route. In the D.C. Circuit, “it is settled that a civil contempt citation is not appealable as a collateral order.” *United States v. Philip Morris Inc.*, 314 F.3d 612, 620 (D.C. Cir. 2003). In the Seventh Circuit, non-parties may appeal from a finding of civil contempt, but parties must wait until the end of the case unless there is a finding of criminal contempt. *Burden-Meeks* at 900.

So – and this hurts to even say it – to properly represent your client you have to arrange to have her held in criminal contempt.

Criminal? Civil? Uh, don’t feel bad if you need a little refresher here – no less an authority than the Supreme Court itself finds that “although the procedural contours of the two forms of contempt are well-established, the distinguishing characteristic of civil versus criminal contempt are somewhat less clear. *International Union v. Bagwell*, 512 U.S. 821, 827, 114 S.Ct. 2552, 2557 (1994). Take this little test. The National Conference of Catholic Bishops is found in contempt and fined \$50,000 a day for each day it refuses to turn over documents it feels it cannot “in conscience” reveal. *United States Catholic Conference v. Abortion Rights Mobilization, Inc.*, 47 U.S. 72, 108 S.Ct. 2268 (1988). A few states over, parents are held in contempt and fined \$25 for refusing to disclose information regarding their son’s medical history. *Norskog v. Pfiel*, 197 Ill. 2d. 60, 755 N.E.2d 1 (2001). Which contempt is civil, which is criminal? The whopping \$50,000 per day is civil, because it is designed to coerce compliance with the discovery order rather than punish its defiance; the Bishops can end the sanction by ending their defiance. The \$25 fine is criminal, because it is a flat

penalty for past conduct, with no opportunity to purge the fine.

OK. You’ve been ordered to turn over the dastardly document. The order is wrong. But if you want to get the Court of Appeals to say so, you have to press the right buttons. If you are in Philadelphia, file an appeal. If you are in Dallas, your appeal would be tossed out; so get yourself (or perhaps better, get your client) held in contempt and appeal from that. If you are in D.C., be sure to be held in criminal contempt.

Don’t forget you have to continue to live with the judge you are defying – this is an interlocutory appeal, and the case goes on. Tell the judge that you intend to defy his order with the greatest of respect simply to satisfy the procedural requirements. In *Sterling*, PaineWebber’s appeal had no appeal – the discovery order was affirmed – but it did salvage a minor victory: “Because the trial court entered the contempt order at PaineWebber’s request, which we have explained is the proper procedure to test on appeal a circuit court’s discovery order, we conclude the PaineWebber’s conduct was not contumacious. Accordingly, we vacate the contempt order.” 782 N.E.2d at 906.

“Sir, are you attempting to show your contempt for this court?” Darrow replied, “Why, no, your honor, on the contrary. I am attempting to conceal it.” Your jurisdiction will determine whether you must conceal or announce.

# DISCOVERY

## Do You Feel A Draft?

By Jerold S. Solovy  
and Robert L. Byman



In the hands of a skillful cross examiner, a draft expert report is a sword of Arthurian proportions. “Doctor Good, you just testified that because persons with monocular vision — people who have but one good eye — pose a significant safety risk, UPS was justified, despite the Americans With Disabilities Act, in categorically refusing to hire them as drivers. Your *final* report and your testimony are quite emphatic on this point. Can you explain, then, why your *draft* report stated that ‘minor difficulties caused by monocular vision can be overcome with conservative driving practices?’” “Well, I, uh, on reflection, er, realized that the difficulties are really not all that minor, and, uh, um, conservative driving practices are not necessarily, well, er, a totally satisfactory solution.” “Right, Doctor,” the cross examiner soothes, “and the reflection you refer to, the epiphany you experienced between your initial opinion and your trial testimony, was that the wood-shedding you got from UPS’s lawyers?”

In *EEOC v. United Parcel Servs.*, 149 F. Supp. 2d 1115 (N.D. Cal. 2000), the court found that the expert testimony at trial varied from draft reports in at least 10 material ways after consultation with counsel. “In context, it seems clear that Dr. Good lost his independence and objectivity. He simply became part of the UPS advocacy team.” *Id.* at 1139. Because of the roadmap provided

by the draft reports, the court had trouble accepting the opinions of the good doctor Good.

Or here’s a good one. In *Occulto v. Adamar of New Jersey, Inc.*, 125 F.R.D. 611 (D.N.J. 1989), a draft report surfaced that was identical to the final report. Well, almost identical — except for the legend at the top of the draft that read “PLEASE HAVE RETYPED ON YOUR OWN STATIONARY. THANK YOU.” So the jury was going to hear that the plaintiff’s expert medical report was actually written by plaintiff’s lawyer, a lawyer who cannot spell stationery correctly. We suspect the lawyer would like a Mulligan.

### *Draft Expert Reports Are Potential Minefields*

But isn’t the creation of drafts and the evolution from draft to final unavoidable? God can compose in stone, but if mere mortals had tried to create the Ten Commandments, there more than likely would have been a first draft entitled “A Few Guidelines.”

Your expert is busy doing the things that make her an expert, and you are busy practicing law in the big city 500 miles from the academic ivory tower she inhabits. As a practical logistic necessity, you have to communicate with your expert through some sort of writing. You have to tell the expert what you need, and your expert has to rough out her opinions in draft form. And

experts being experts, they know a great deal more about their science than you do, while you know a great deal more about advocacy than they do. So even if the opinions are essentially there in initial drafts, you will have to make substantial edits to improve the final product. There have to be drafts. There have to be edits.

Okay, but if draft reports are dangerous, how do we eliminate the danger?

Well, you could limit your practice to *state* court actions in New Jersey (unlike the hapless lawyer who was stationary in New Jersey Federal Court), where the development of expert testimony is acknowledged as a collaborative process between expert and counsel and therefore all preliminary or draft reports are deemed trial preparation materials discoverable only upon the special showings necessary to obtain work product. *N.J. Court Rules, 1969 R. 4:1-2* (2002).

But the rest of the country has not provided similar comfort. In general, draft reports are discoverable. *Krisa V. Equitable Life Assurance Society*, 196 F.R.D. 254 (M.D. Pa. 2000); *B.C.F. Oil Refining, Inc. v. Consol. Edison of New York*, 171 F.R.D. 57, 60 (S.D.N.Y. 1997). And why wouldn’t they be? Notwithstanding New Jersey’s real world recognition that experts become part of the advocacy team, we try to convince our triers of fact that our experts are independent and therefore credible. And if they

are independent, what possible basis can there be for withholding communications to and from an independent expert?

Well, when we work with our experts to help them refine their opinions, it is necessary that we share our thought processes and work product. And to the extent that the drafts reflect that work product, they ought to be protectable. FRCP 26(b)(3) codifies the *Hickman v. Taylor* work product doctrine; work product is discoverable only on a showing of substantial need and even then, core work product — mental impressions, conclusions, opinions or legal theories of the attorney — is protected against disclosure. Uh, huh. But FRCP 26(a)(2)(B) requires disclosure of all materials considered by a testifying expert. “Given this obligation of disclosure, litigants should no longer be able to argue that materials furnished to their experts to be used informing their opinions — whether or not ultimately relied upon by the expert — are privileged or otherwise protected from disclosure.” *1993 Advisory Committee Notes*.

Clear enough? In *The Nexxus Products Co. v. CVS New York, Inc.*, 188 F.R.D. 7, 10 (D. Mass 1999), Magistrate Judge Joyce Alexander, in a well reasoned, well articulated opinion, found that the Advisory Committee Notes and FRCP 26(a)(2)(B) merely require discovery of factual materials but do not require disclosure of core

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work product. Six months later, Magistrate Judge Robert Collings — of the same District Court — in an equally well reasoned, well articulated opinion, came to exactly the opposite conclusion, respectfully disagreeing with the analysis of his colleague, and ordering production. *Suskind v. Home Depot Corporation*, 2001 U.S. Dist. Lexis 1349 (D. Mass. 2001). So if you disclose core work product to an expert witness that ends up in a draft report, your ability to protect it from disclosure will depend entirely on your assignment of judge. Some comfort. Even if you draw the judge whose opinion you like, judges, like experts, sometimes evolve their views. You like Judge Alexander's decision in *Nexus*, but how can you be sure she did not rethink her position after reading Judge Collings' opinion in *Suskind*? The work product doctrine cannot be counted on to protect drafts from discovery.

Alrighty then. If the practical reality is that we cannot be sure that we can protect drafts from discovery, then we simply have to make sure that there are no drafts around to produce.

We have actually encountered experts — seasoned experts who have been through multiple depositions and testimony — who have conspiratorially assured us “Don't worry (wink), I know how the game is played (wink), and I will be sure to destroy all draft reports.” Leaving nothing to chance, we know lawyers who flat-out instruct their expert witnesses to destroy drafts. Everybody does it, right? Maybe, but so what? We live in Chicago, where vehicular traffic proceeds at one of two paces — gridlock or Indy 500. When they can, everyone speeds. But as we have told our children and have to remind ourselves from time to time, you cannot beat a speeding ticket on the “everyone does it” defense.

In *W.R. Grace & Co. v. Zotos International, Inc.*, 2000 U.S. Dist. LEXIS 18096 (W.D.N.Y. 2000), Zotos' expert “got rid of” his draft reports at the specific direction of counsel “so as not to confuse things.” *Id.* at \*29. Zotos tried to justify the destruction by pointing out that it occurred prior to the

service of formal document requests seeking drafts. Nice try, no good. There is a duty to preserve evidence once litigation is pending even if no requests are ever served. *West v. Goodyear Tire & Rubber Co.*, 167 F.3d 776, 778 (2d Cir. 1999). The intentional destruction of drafts is sanctionable spoliation.

In *Trigon Insurance Co. v. United States of America*, 204 F.R.D. 277 (E.D. Va. 2001) the United States retained Analysis Group (AG) as an expert witness. Pursuant to AG's internal document retention policy (its euphemism for a document destruction policy), AG's draft reports were destroyed prior to the time any formal production request was made. No dice, said the court. The government knew that it had an obligation to preserve evidence whether or not a request had been made. And the government could not hide behind AG's internal policy. AG is in the regular business of providing expert testimony and knows the rules; and AG's internal rules cannot trump the Federal Rules. Your tax dollars at work: the government was ordered to pay more than \$180,000 to have an independent computer expert find and reconstruct the deleted draft reports.

One of the judges of the Northern District of California has a standing order requiring that:

Counsel shall preserve all drafts of expert reports (partial or complete) and evidence of communications with experts (or with any intermediaries between counsel and the experts) on the subject of this actual or potential testimony, and shall instruct their experts and any intermediaries to do likewise. All such materials shall be produced upon expert designation (unless all parties otherwise stipulate in writing). This requirement does not apply to intermediate drafts prepared solely by the testifying expert not provided to or discussed with anyone else. Counsel's private notes of conversations will be treated as work product and need not be produced absent the showing required by FRCP 26(b)(3).

Clarity given to the proposition that an expert's internal musings, not communicated to others, ought to be free from discovery. Further clarity given to the reasonable proposition that the attorney's internal notes remain work product. But a bright line rule of production for everything else. Yet what of the other 700 or so Federal judges? Is there clarity to guide you? Well, yes. It is clear that things are not clear. You can't be sure that drafts won't be ordered produced; you can't be sure that any destruction of drafts won't be sanctioned. You or your expert may get away with “getting rid” of drafts. But you may not.

#### ***Draft Reports – Can't Live Without Them, Can't Destroy Them***

Well, wait a minute, why can't you live without them? It may not be proper for you to instruct a witness to destroy a draft; it may not be proper for you to stand idly by knowing that the witness plans to destroy a draft. But we know of no rule that prevents you from advising a witness not to create a draft. So we tell our expert witnesses that we don't want her to communicate anything to us in writing unless and until we have talked it through orally; and we tell her that if she does communicate a written draft to us, we will retain and produce it — so she had better be able to explain anything she commits to tangible form. Now, those oral communications are just as subject to discovery as would be written drafts. But it will be far more difficult for your opponent to pin your expert down to some inconsistency in the evolution of her thought process if there is nothing in black and white.

And when your expert sends you a draft you asked him not to create, you might want to think carefully before you take out your blue pencil. Remember that it is the testimony at trial you care about, not the report. The report is simply the price of admission to get the expert into the court room. So let the expert clarify or strengthen his language and articulation at his deposition, not in

a series of written drafts that have your fingerprints all over them. Don't destroy drafts; just don't create them until they're suitable for etching into stone.

# DISCOVERY

## Arbitration Discovery

By Jerold S. Solovy  
and Robert L. Byman



If we had a nickel for every time we have heard a lawyer in an arbitration talk about the depositions he needs and intends to take – well, gosh, we would have an awful lot of nickels. And we would like to use that money to help pay for continuing legal education for those misguided folks who believe that pretrial depositions are God-given rights. You already know, of course, that different discovery rules apply in arbitration, but look around. Some of your colleagues do not have a clue about just how different arbitration rules can be. And as alternative dispute resolution becomes more common, we are going to have to be well versed in the differences.

Serving as arbitrators recently, we asked Croc O'Shea, a litigator with 30 years of experience and an equal number of associates working the case, "what discovery do you contemplate?" "Well," Croc crooned, "this is a very complicated case and I will need to take at least 12 depositions." Counsel for the respondents, Milt Oast, chimed in "well, I'm not sure we need to take any depositions, but I'm sure we can work out a schedule."

OK, timeout. O'Shea simply announced his plans to take 12 depositions, as though it was his perfect right. Oast did not have the wits to say "depositions? We don't need no stinkin' depositions." Put aside for a moment that those 12 depositions will cost Oast's client about \$60,000 in legal fees. What if O'Shea wasn't simply churning his bill but actually needs those depositions to develop the evidence to prove his claim? What if those depositions made the difference between Oast's client winning or losing? Why did Oast agree to depositions? Probably because he did not know the rules.

### ***Arbitration: It's a Matter of Contract***

Arbitration is a matter of contract, so the arbitrators will generally accept whatever the parties agree upon with respect to discovery. The parties are free to agree to apply the Federal Rules or the Kansas rules or the Koran. So, when O'Shea announced his intention to take 12 depositions – and Oast agreed – the arbitrators restrained their laugh reflex and let Oast hoist himself on O'Shea's petard.

"The popularity of arbitration rests in considerable part on its asserted efficiency and cost-effectiveness — characteristics said to be at odds with full-scale litigation in the courts, and especially at odds with the broad-ranging discovery made possible by the Federal Rules of Civil Procedure." *National Broadcasting Co., Inc. vs. Bear Stearns & Co., Inc.*, 165 F.3d 184 (2d Cir. 1999). We mean no disrespect to the federal rules. They are great rules. But they are rules designed for contests in which the defendants are unwilling participants and where the litigants often have disproportionate resources. By definition, participants in arbitrations are contracting parties who have agreed in advance to set streamlined rules for their potential disputes.

So most arbitration forums have streamlined rules. The American Arbitration Association Commercial Rules make no provision for interrogatories or depositions except in large, complex matters (claims over \$500,000), where the arbitrator may exercise discretion "upon good cause shown consistent with the expedited nature of arbitration." (Rule L-4).

Judicial Arbitration and Mediation Services (JAMS) Rules allow each party to take *one* deposition of the opposing party, with additional depositions at the discretion of the arbitrators. The NASD Rules provide that "necessary pre-hearing depositions consistent with the expedited nature of arbitration shall be available." (Rule 10213 (a)). The International Chamber Of Commerce Rules make no provision at all for depositions.

And even when the parties agree or the arbitrator is persuaded to order depositions, don't assume that you can compel non-parties to give discovery. You can take discovery of a non-party under the Federal Rules, because the Rules apply by law to all persons whether or not they are litigants. But non-parties have not agreed to follow arbitration rules.

The Federal Arbitration Act (FAA), 9 U.S.C. § 7, empowers arbitrators to summon "any person to attend before them or any of them as a witness and in a proper case to bring with him or them any book, record, document or paper which may be deemed material as evidence indicates."

"Any person," not simply parties. But "attend before" the

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arbitrators, not pre-hearing discovery. Well, no problem; “the power of the panel to compel production of documents from third-parties for the purposes of the hearing implicitly authorizes the lesser power to compel such documents for arbitration purposes prior to hearing.” *In the Matter of Arbitration between Security Life Insurance Company of America et al*, 228 F.3d 865, 870 (8<sup>th</sup> Cir. 2000)(“implicit in an arbitration panel’s power to subpoena relevant documents for production at a hearing is the power to order the production of relevant documents for review by a party prior to the hearing.”).

But there is a difference between depositions and pre-hearing document production. “Documents are produced only once, whether it is at the arbitration or prior to it. Common sense encourages the production of documents prior to the hearing so that the parties can familiarize themselves with the content of the documents. Depositions, however, are quite different. The non-party may be required to appear twice – once for deposition and again at the hearing. . . . An arbitrator may not compel attendance of a non-party at a pre-hearing deposition.” *In the Matter of the Arbitration between Integrity Insurance Co. v. American Centennial Insurance Co.*, 885 F. Supp. 69, 73 (S.D.N.Y. 1995).

And while the 8<sup>th</sup> Circuit believes that the FAA authorizes pre-hearing document production, the 4<sup>th</sup> Circuit does not. The “subpoena powers of an arbitrator are limited to those created by the express provisions of the FAA” and “nowhere does the FAA grant an arbitrator the authority to order non-parties to appear at

depositions, or the authority to demand non-parties provide the litigating parties with documents during pre-hearing discovery.” *Comsat Corp. v. National Science Foundation*, 190 F.3d 269 (4<sup>th</sup> Cir. 1999). Well, not entirely. *Comsat* offered up a little dictum to flavor its opinion: “a party might, under unusual circumstances, petition the District Court to compel pre-arbitration discovery upon a showing of special need or hardship.” *Id.* at 276. With all due respect to the 4<sup>th</sup> Circuit, Huh? Arbitrators don’t have the power to order discovery, but the parties can petition a Court – which is not hearing the underlying case – to compel it anyway? Well, that is practical if not entirely logical. In *Hay Group, Inc. v. E.B.S. Acquisition Corp.*, 2003 U.S. Dist. Lexis 4909 (E.D. Pa. 2003), the court noted that if the 4<sup>th</sup> Circuit were right, if the FAA “is flexible enough to allow for pre-hearing production in a ‘special need’ situation, it is flexible enough to allow for pre-hearing production of documents when the arbitrators believe that it is appropriate without the federal court holding a hearing to determine ‘special need . . .’” So no need to go to court; the arbitrators have the power to order discovery.

#### ***Some Courts Divide The Baby, Some Don’t***

And while some courts have divided the discovery baby between document production and depositions, others have made no such distinction, finding that the FAA grants the implicit power to compel both testimony and documents prior to hearing. *Amgen Inc. v. Kidney Center of Delaware County, Ltd.*, 879 F. Supp. 878, 880 (N.D. Ill.1995).

OK, let’s move on. Even if you convince your opponent and/or your arbitrator to issue a subpoena to a non-party, how do you enforce it? Well first, bluff. Serve the subpoena; act as though compliance is expected, resistance is, as the Borg would say, futile. But what if your subpoena-ee tells you to obtain a hammer and hit sand?

A witness has no obligation to move to quash an arbitrator issued subpoena, since the FAA imposes no such requirement. See *Comsat Corp. v. National Science Foundation*, 190 F.3d 269, 276 (4<sup>th</sup> Cir. 1999). If the witness simply ignores the subpoena, you have to find a court to enforce it.

The FAA designates the court in which the arbitration is pending as the sole court with the power to enforce an arbitrator’s subpoena. So if your arbitration is pending in Chicago, and you want to depose a non-party in Pennsylvania, you have to go to the Northern District of Illinois. Uh, huh. But the Chicago court can only enforce subpoenas to the same extent as under the Federal Rules– 100 miles. Hmm. In *Amgen Inc. v. Kidney Center of Delaware County, Ltd.*, 879 F. Supp. 878 (N.D. Ill.1995), on exactly that conundrum, Judge Gettleman came up with an elegant solution. Since Fed. R. Civ. P. 45(a)(3)(B) authorizes an attorney practicing in the court in which the trial is being held to issue a subpoena on behalf of the court for district in which a deposition is to take place, the attorney could issue a subpoena in Pennsylvania which could then be enforced by the court there.

One little problem. When the case got up to the 7<sup>th</sup> Cir., it was dismissed for lack of subject matter jurisdiction. The

FAA grants the federal courts powers to assist arbitration only where the District Court would have jurisdiction over the underlying dispute. *Amgen Inc. v. Kidney Center of Delaware County, Ltd.*, 95 F.3d 562 (7<sup>th</sup> Cir.1996).

What? We made you wade through all of this stuff about the FAA only to tell you that the FAA may be irrelevant? Forgive us. A lot of commercial arbitration cases are going to meet federal jurisdictional standards; if they don’t, more than 35 states have adopted the Uniform Arbitration Act and many which have not have not have their own statutes, all of which provide more or less corollary provisions so that a court, complete with gavels, bailiffs, sheriffs and other methods of enforcement, are provided unto you to enforce a subpoena if it is otherwise valid. See, e.g., 710 ILCS 5/7.

Nothing about pre-hearing discovery in arbitration is quite so clear as the Croc O’Shea’s of the world would have you believe. Don’t be afraid to resist discovery in an arbitration; and don’t assume, if it is you trying to take the discovery, that it will be easy.

# DISCOVERY

## Cost-Shifting

By Jerold S. Solovy  
and Robert L. Byman



“Too often, discovery is not just about uncovering the truth, but also about how much of the truth the parties can afford to disinter.” *Rowe Entertainment, Inc., et al. v. the William Morris Agency, Inc., et al.*, 205 F.R.D. 421, 423 (S.D.N.Y. 2002).

You are just a poor working stiff. Working, that is, until you were fired as a result of blatant sex discrimination. You know, you just feel it in your bones, that the chauvinist pig who fired you has left a trail of boorish emails that will prove it. So you file suit and a document request for all emails sent to or from the swinish supervisor.

You are a reputable, conscientious corporate member of society who legitimately severed its relationship with a difficult, inadequate employee. True to form, she blames you for her own failings and brings a discrimination suit. But the [insert here the disparaging adjective and noun of your choice] has added real injury to insult with a document request for all emails to and from senior executives for the past 5 years. To comply fully with that request will require a hunt through backup computer tapes and data reconstruction efforts that will cost hundreds of thousands of dollars. And these were senior people, whose duties included communications with counsel in various legal actions. So the reconstructed email files have to be carefully reviewed for privilege –

at a cost of still more hundreds of thousands.

### *Who Pays The Costs Of Data Reconstruction?*

Who pays? The working stiff? The beleaguered company? How much truth can the parties afford to disinter?

“Under [the discovery] rules, the presumption is that the responding party must bear the expense of complying with discovery requests.” *Oppenheimer Fund, Inc. v. Sanders*, 437 U.S. 340, 358, 57 L. Ed. 2d 253, 98 S. Ct. 2380 (1978). Sure, but under those same rules, “a court may protect the responding party from ‘undue burden or expense’ by shifting some or all of the costs of production to the requesting party.” *Rowe* at 428. So who pays?

Requesting parties can be expected to argue that the responding party should always bear the costs of producing electronic data since “if a party chooses an electronic storage method, the necessity for a retrieval program or method is an ordinary and foreseeable risk.” *In re Brand Name Prescription Drugs Antitrust Litigation*, 1995 U.S. Dist. LEXIS 8281(N.D. Ill. June 15, 1995); see also *Daewoo Electronics Co. v. United States*, 650 F. Supp. 1003, 1006 (“The normal and reasonable translation of electronic data into a form usable by the discovering party should be the ordinary and

foreseeable burden of a respondent in the absence of a showing of extraordinary hardship.”).

But in *Rowe*, Magistrate Judge James C. Francis IV found that the logic breaks down when it comes to electronic data: “The underlying assumption is that the party retaining information does so because that information is useful to it, as demonstrated by the fact that it is willing to bear the costs of retention. That party may therefore be expected to locate specific data, whether for its own needs or in response to a discovery request. With electronic media, however, the syllogism breaks down because the costs of storage are virtually nil. Information is retained not because it is expected to be used, but because there is no compelling reason to discard it.” *Rowe* at 429.

So Judge Francis created an eight-factor test to determine whether the costs of electronic discovery should be shifted: (1) the specificity of the discovery requests; (2) the likelihood of discovering critical information; (3) the availability of such information from other sources; (4) the purposes for which the responding party maintains the requested data; (5) the relative benefits to the parties of obtaining the information; (6) the total cost associated with production; (7) the relative ability of each party to control costs and its incentive to do so; and (8) the resources available to each party. *Id.*

The *Rowe* decision quickly became the gold standard to

determine whether to shift costs from the hapless requestee to the requestor – until Judge Shira A. Scheindlin upgraded to platinum in *Zubulake v. UBS Warburg LLC, et al.*, 55 Fed. R. Serv. 3d 622 (S.D.N.Y. May 13, 2003) (“*Zubulake I*” – you’ll see why soon). Laura Zubulake was a \$650,000 a year trader when UBS fired her. Not exactly a “poor” working stiff, but as between her assets and UBS’s, David and Goliath is not totally inapt. Her claim was certainly not frivolous. It was conceded that she was ill-treated – UBS was reduced to defending on the theory that her supervisor’s conduct was not unlawfully discriminatory because he treated everyone equally badly. Great jury appeal there. And it was clear that there were big holes in UBS’s first wave of discovery responses. UBS produced about 100 pages of emails, but Zubulake had copies of far more extensive numbers of emails she had herself retained. UBS refused to search its backup tapes for the material because of the cost, which it estimated at \$300,000.

### *3-Steps to a 7-Factor Test*

Judge Scheindlin acknowledged Judge Francis’ gold standard, but observed that “there is little doubt that the *Rowe* factors will generally favor cost-shifting. Indeed, of the handful of reported opinions that apply *Rowe* or some modification thereof, all of them have ordered the cost of discovery

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to be shifted to the requesting party.” Judge Scheindlin thus devised an upgraded three-step analysis less biased toward shifting: *First*, it is necessary to understand the computer system at issue. For data which is accessible – available on-line or stored in media that can be temporarily loaded on the system and accessed as if online – the usual rules of discovery apply: the responding party should pay the costs of producing responsive data. Cost shifting should be considered only for the production of inaccessible data – such as disaster recovery backup tapes or fragmented drives which are not machine readable without substantial conversion or reconstruction. *Second*, because the cost-shifting analysis is so fact-intensive, it is necessary to test what data may be found on the inaccessible media by requiring the responding party to restore and produce responsive documents from a small sample of the requested media. *Third*, if the first two steps indicate that the case is a candidate for cost-shifting, the analysis should proceed by considering seven factors, “weighted more-or-less in the following order:”

1. The extent to which the request is specifically tailored to discover relevant information;
2. The availability of such information from other sources;
3. The total cost of production, compared to the amount in controversy;
4. The total cost of production, compared to the resources available to each party;
5. The relative ability of each party to control costs and its incentive to do so;
6. The importance of the issues at stake in the litigation; and
7. The relative benefits to the parties of obtaining the information.

Enter *Zubulake II*. Well, actually *Zubulake III* – but *II* was

unrelated issues so let’s skip that. *Zubulake v.UBS Warburg LLC, et al.*, 216 F.R.D. 280 (S.D.N.Y. July 24, 2003) At the direction of the Court, the parties did a sample test and returned for application of the seven factor test. UBS asked that the entire cost to review the remaining tapes – estimated at \$165,000 to restore and search the tapes and \$107,000 in attorney and paralegal review costs – be shifted to Zubulake. Zubulake, of course, argued that no cost shifting was warranted. Space does not permit us to set out the detail of Judge Scheindlin’s analysis but we can summarize her scoring: factors 1 and 2 (the most heavily weighted) tipped slightly against cost-shifting; factors 3 and 4 weighed against cost-shifting; factors 5 and 6 were neutral; only factor 7 – the least important – weighed in favor of cost-shifting. And on that record, Judge Scheindlin ordered that the working stiff pay 25% of the restoration costs. Huh? We expect better batting averages than that even of mediocre baseball players.

Judge Scheindlin explained that application of the factors “is not merely a matter of counting and adding; it is only a guide. . . . It is beyond cavil that the precise allocation is a matter of judgment and fairness rather than a mathematical consequence of the seven factors.”

And there was a critical distinction in what it was that Zubulake was asked to pay for. UBS viewed the issue as its total cost to engage in what it believed to be a fishing expedition. It had to cast a wide net to find the possibly relevant emails, and there were bound to be some privileged dolphins caught up with any legitimate catch. The sheer volume of the electronic files would make the necessary privilege review exceptionally expensive. Tough. “As a general rule, where cost-shifting is appropriate, only the costs of restoration and searching should be shifted. Restoration, of course, is the act of making inaccessible material accessible. That ‘special purpose’ or ‘extraordinary step’ should be the subject of cost-shifting. Search costs should also be shifted because they are so

intertwined with the restoration process . . . . However, the responding party should always bear the cost of reviewing and producing electronic data once it has been converted to an accessible form. *Zubulake II*.

*Zubulake* was not quite finished. In the course of the restoration process ordered in *Zubulake III*, it was learned that a half-dozen or so backup tapes could not be found. Motion for sanctions – *Zubulake IV. Zubulake v.UBS Warburg LLC, et al.*, 2003 U.S. Dist. LEXIS 18771 (S.D.N.Y. October 22, 2003)

Judge Scheindlin found that UBS had had a duty to preserve backup tapes that could be identified as storing information created by or for “key players;” and that UBS’s loss of the tapes exceeded mere negligence. Zubulake sought reconsideration of the cost-shifting Order but the Court was aware that certain e-mails had not been retained when it entered the Order and thus saw no need to reconsider. Zubulake next argued that UBS’s spoliation warranted an adverse inference instruction. Okay, but among the things Judge Scheindlin found Zubulake needed to show to justify that sanction was that the destroyed evidence would have supported a claim or defense. Zubulake didn’t show it. No adverse inference instruction. Zubulake did get a bone. “Even though an adverse inference instruction is not warranted, there is no question that e-mails that UBS should have produced to Zubulake were destroyed by UBS. That being so, UBS must bear Zubulake’s costs for re-depositing certain witnesses for the limited purpose of inquiring into issues raised by the destruction of evidence and any newly discovered e-mails.” We can’t wait for *Zubulake V*.

So let’s sum up. The usual rule is that the responding party pays the cost of document production. Electronic discovery makes things more expensive, but doesn’t change the general rule, except maybe where the responding party is forced into heroic efforts to revive inaccessible data. And then cost shifting must be considered in a

three step analysis, the last step of which is a weighted seven factor test which is to be applied with judicial discretion.

# DISCOVERY

## A Deadline Is A Fine Line

By Jerold S. Solovy  
and Robert L. Byman



You etymology buffs — or maybe you Civil War buffs — know the derivation of the word “deadline.” During the Civil War, a line was drawn around prison camps. If a prisoner crossed the line, he would be shot. Nothing ambiguous there. Live or die by the deadline. As lawyers, we live with all sorts of deadlines. All sorts, because some of them really have life-and-death consequences; some of them are meant to be observed but allowed to be varied from; some are merely guidelines, more often ignored than followed.

### *There Are Deadlines And Then There Are Deadlines*

Jurisdictional deadlines are usually just that. If you miss a statute of limitations or jurisdictional filing date, your case — or maybe your client — can literally end up dead. In *Coleman v. Thompson*, 501 U.S. 722 (1991), Roger Coleman’s lawyers filed a notice of appeal from the denial of his state habeas corpus proceeding after a murder conviction. But they filed 33 days after entry of final judgment while the deadline imposed by the state of Virginia was 30 days. And because he missed that deadline (well, his lawyers missed it), the United States Supreme Court refused to grant federal review of his conviction, despite what some objective observers might describe as substantial evidence of innocence. See, Tucker, *May God Have Mercy* (W. W. Norton 1997).

Three days the other side of the deadline had life-and-death consequences for Mr. Coleman.

If the spectrum has another end, it is where parties try to enforce meaningless, arbitrary deadlines. In *Hyperphrase Technologies v. Microsoft Corp.*, Microsoft electronically filed its motion for summary judgment 4 minutes and 27 seconds after midnight of the deadline date; so Hyperphrase moved to strike the motion as untimely. And Hyperphrase must have felt strongly about its motion, the court observed, because “Counsel used bold italics to make their point” that the motion was filed late. “Wounded though this court may be by Microsoft’s 4 minutes and 27 second dereliction of duty, it will transcend the affront and forgive the tardiness.” The court did, however, grant substantial relief to Hyperphrase — it gave Hyperphrase a “Get Out of Deadline Free Card,” entering an order allowing Hyperphrase on some future occasion to make a filing 4 minutes and 30 seconds late. (Case No. 02-C-647-C, July 1, 2003)

It is an absurd notion that a filing ought to be stricken because it is a few minutes late — yet isn’t it equally absurd that a possibly innocent man might be executed because his lawyers can’t count? The point is that there are everyday deadlines which we must faithfully observe, but maybe we will miss. Do we — and our clients — live or

die on the other side of the deadline?

### *There Is Neglect And Then There Is Neglect*

On December 10, 2003, the Ninth Circuit Court of Appeals published an important bit of guidance. In *Pincay v. Andrews*, 2003 U.S. App. LEXIS 24811 (9th Cir. 2003), after a multimillion dollar judgment was entered for Pincay, a lawyer “in the large law firm representing Andrews” asked his docketing clerk to compute the time for filing a notice of appeal. The clerk responded that FRAP 4 allowed 60 days from the date of entry of judgment. The lawyer told the clerk that “to be safe” the appeal date should be docketed three days earlier than the 60th day. Better safe than sorry. Uh, one slight problem — the clerk got it wrong. FRAP 4 provides 30 days, not 60 days. Oops. But no problem, when the lawyer finally read FRAP for himself, he no doubt took comfort from the built-in exiation in the Rule.

FRAP 4 allows a District Court to extend the time for filing a notice of appeal if the motion to extend comes within 30 days after the deadline and is accompanied by a showing of “excusable neglect or good cause.” Good cause, obviously, would cover external events; excusable neglect, presumably covers honest mistakes. So Andrews’ lawyer filed a timely motion for an extension of time, citing his clerk’s

mistake as the basis for excusable neglect. The District Court agreed, and granted the additional time. But the Ninth Circuit disagreed and reversed, dismissing the appeal. Not exactly life or death, but a multimillion dollar judgment became final because a clerk’s negligence was not, in the Ninth Circuit’s view, excusable neglect.

What are the possible reasons someone would miss a filing deadline? Well, you might consciously, deliberately miss the deadline, just to show those courts and rule makers who is the boss. Uh-huh, sure. Or you could, despite your best intentions to beat the deadline, be innocently prevented from complying by unavoidable external circumstances, such as by having your office beset by wild dogs who, of course, eat your homework. Or you could miss the deadline because you made a mistake. You can’t expect much relief where you miss a deadline on purpose. You have a right to expect relief when external forces out of your control make your performance impossible. But when is inadvertence, carelessness or downright neglect excusable?

The Supreme Court attempted to answer the question in *Pioneer Inv. Serv. Co. v. Brunswick Assocs Ltd. Partnership*, 507 U.S. 380 (1993). By empowering the courts to accept late filings where the failure to act is the result of excusable neglect, the Court reasoned, “Congress plainly contemplated that the courts would

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be permitted, where appropriate, to accept late filings caused by inadvertence, mistake or carelessness.” *Id.* at 388. “The determination is at bottom an equitable one, taking account of all relevant circumstances surrounding the party’s omission. These include . . . the danger of prejudice . . . , the length of the delay and its potential impact on judicial proceedings, the reason for the delay, including whether it was within the reasonable control of the movant, and whether the movant acted in good faith.” *Id.* at 395.

### ***There Is Discretion And Then There Is Discretion***

Applying that standard, how could the Ninth Circuit have concluded that the honest mistake of the clerk — which the District Court apparently found to be in good faith and not unduly prejudicial — did not fall within the definition of excusable neglect? Well, the Ninth Circuit focused on other language in the *Pioneer* opinion: “Although inadvertence, ignorance of the rules, or mistakes construing the rules do not usually constitute ‘excusable neglect,’ it is clear that ‘excusable neglect’ . . . is a somewhat ‘elastic concept.’” The Ninth Circuit pounced on the language “inadvertence, ignorance of the rules, or mistakes construing the rules do not usually constitute excusable neglect” as if the words “although” and “elastic concept” were not in the same sentence. In the Ninth Circuit’s view, the delegation of rule interpretation to a clerk is simply inexcusable. “Knowledge of the law is a lawyer’s stock in trade. Bureaucratization of the law such that the lawyers can turn over to nonlawyers the lawyer’s knowledge of the law is not acceptable for our profession.” *Pincay* at \*5.

Was the problem that the lawyer delegated the job of reading the Rule to a clerk? What if the lawyer read the Rule himself and got it wrong? After all, FRAP 4(a)(1)(A) says 30 days, but half an inch away in 4(a)(1)(B) the government gets 60 days. It’s a mistake to read 60 rather than 30, but in the scheme of things it’s not as bad as brown shoes with a blue

suit, is it? If the lawyer hadn’t had the arrogance to assign his job to a clerk, would the Ninth Circuit have shown greater mercy? Probably not. The *Pincay* court reminisced its decision in *Kyle v. Campbell Soup Co.*, 28 F.3d 928 (9th Cir. 1994), in which a Fed. R. Civ. P. 6(e) motion for attorneys’ fees was 2 days late, but the district court found excusable neglect because the plaintiff’s attorney had misinterpreted the rule. Not so fast. The Ninth Circuit found the misinterpretation of the rules to be an inexcusable mistake of law and reversed.

We note, for those of you who are keeping score, that *Pioneer* was a 5-4 decision; *Pincay* was a 2-1 decision. These courts were divided, because reasonable minds can differ on whether deadlines are really deadlines and, when they are not real deadlines, why not. We are not sure that the Ninth Circuit got the *Pioneer* case right; we are not sure that misinterpretation of a rule is not exactly what the U.S. Supreme Court thinks is excusable neglect. But we *are* sure of this: what the Ninth Circuit thinks is one heck of a lot more important than what we think, especially when our case is pending there. So we’re going to read the Rules ourselves. And reread them.

But those deadlines are filing deadlines. Most of us are smart enough to know that filing deadlines — deadlines like filing notices of appeal — must be strictly observed. But discovery deadlines — well, gosh, there is a phrase in the running for the Oxymoron Hall of Fame — are usually not deadlines at all. “The party upon whom the request is served shall serve a written response within 30 days after the service of the request.” Fed.R.Civ.P. 34. But if that language seems mandatory and finite, the ensuing sentence turns concrete to mush: “A shorter or longer time may be directed by the court or, in the absence of such an order, agreed to in writing by the parties.” We rarely meet the 30 day deadline in the discovery rules, because 30 days is rarely enough, and even when it is, we are so used to extending discovery periods that we do it almost out of rote.

But some discovery deadlines are clearly meant to be observed.

In the 1993 amendments to the Federal Rules, Rule 26(a) was amended to impose a duty to disclose 30 days prior to trial, without any request, the identity of all witnesses and documents a party may use at trial. At the same time, Rule 37 was amended to create a self-executing sanction for failure to make the Rule 26(a) disclosures; if the disclosures are not timely made, the evidence is barred. But the Rule 37 sanction only applies if the failure to disclose it is “without substantial justification” and the sanction is not imposed if the failure to disclose “is harmless.”

In *Rowland v. American General Financial, Inc.*, 340 F.3d 187 (4th Cir. 2003), American General filed its disclosures 28 days prior to trial rather than 30. At trial, American General was permitted by the District Court to call a witness disclosed those 2 days late; and it was also allowed to call a witness never identified in the pretrial disclosures. Because Rowland did not argue that she was prejudiced by the appearance of the otherwise late or undisclosed witnesses, the 4<sup>th</sup> Circuit found no abuse of discretion by the failure to bar the witnesses. Yet in *Burlington Ins. Co. v. Shipp*, 2000 U.S. App. LEXIS 10609 (4th Cir. 2000), the same 4<sup>th</sup> Circuit affirmed the exclusion of witnesses who had not been disclosed in a timely fashion pursuant to Rule 26, refusing to allow Burlington to add witnesses six days before trial. Courts that have discretion exercise it. And appellate courts, at least outside the Ninth Circuit, usually defer to that exercise.

So here’s our advice. Observe deadlines. Do not delegate to others the task of figuring out the drop dead dates. And when, as all humans and especially lawyers do, you make a mistake, throw yourself on the mercy of the court; better yet, don’t make deadline mistakes.

# DISCOVERY

## Inadvertent E-Discovery

By Jerold S. Solovy  
and Robert L. Byman



The Food and Drug Administration publishes "Food Defect Action Levels" which specify the amount of insect parts which may permissibly be found in various foods because they are "unavoidable." 21 CFR Part 110.110. It is unavoidable, and therefore permissible, for there to be 60 insect fragments per 100 grams of chocolate. If you add up all of the permissible pieces, the average person consumes 2.5 pounds of insect fragments per year, roughly the equivalent of 20 adult cockroaches. *Bon appetit.*

### *Mistakes Happen*

Mistakes happen. Which brings us to the inadvertent production of privileged materials. We strive for perfection, but we know we will fall short, so the law has developed a certain tolerance for such mistakes. We have written on the subject before. See *National Law Journal*, December 21, 1998. But our previous discussion dealt with the problem in general. The advent of the electronic age has raised the stakes and demands special consideration.

There are three basic views. At one end of the spectrum is the strict approach

-- any voluntary production of a privileged document, whether intentional or accidental, is a waiver of the privilege. See *FDIC v. Singh*, 140 FRD 252, 253 (D. Me. 1992). At the other end is the lenient view -- inadvertent production can never be a waiver. See *United States v. Zolin*, 809 F.2d 1411, 1417 (9th Cir. 1987) (*Texas Rules of Civil Procedure* 193.3, 196.4). But the overwhelming majority of jurisdictions apply a flexible test on a case-by-case basis, assessing the reasonableness of precautions taken, the volume of the discovery, and general fairness. *Angell Investments, LLC v. Purizer Corp.*, 2002 U.S. Dist. LEXIS 11545 (N.D. IL 2002)

The Advisory Committee on the Federal Rules of Civil Procedure is currently considering whether and to what extent the Federal Rules should be amended to specifically address electronic discovery issues. One of the principal areas of concern is inadvertent production because "The sheer volume of electronic data potentially produceable may make the prospect of an unintended privilege waiver a more likely occurrence than would otherwise be the case."

It was bad enough in the paper age. No set of human eyes could be expected to stay alert through the review of thousands of pieces of paper. Something would be missed, insect parts would get into the production. But the e-age multiplies the amount of data to review. E-mail is easy and rampant; more documents get created. E-sharing is the norm; more documents get shared with more people, each of whom may add a little comment, creating a new "document." E-storage is cheap, easy, automatic; more documents get saved. Elimination is difficult; when paper documents were trashed they were gone, but deleted e-documents can often be raised from the dead (or at least from back-up tapes).

It is one thing to have to go through one million pages of documents. That is a daunting task, but it can be done. But now we are dealing with cases that measure produceable data in terabytes -- a thousand billion bits of data (roughly 20,000,000 printed pages). See *In re Worldcom, Inc. Sec. Litig.*, 2003 U.S. Dist. LEXIS 22732 (S.D.N.Y. 2003)(4 terabytes). Moreover, electronic documents contain background data -- metadata

and embedded data -- which may or may not be reducible to printed form.

Metadata is the electronic equivalent of a routing slip -- showing when the document was created, edited, sent, and received. Embedded data is a link or formula or other substantive matter; for example, if you print an Excel spreadsheet, you will see numbers; but you will not see the formulae by which the visible numbers were calculated. And that hidden data may easily establish or defeat a privilege. A document may, on its face, show that it was a press release written by a corporate executive; it is produced. But what if the metadata establishes that the document was created by a lawyer in anticipation of litigation, and that it was never sent it to anyone? Oops. Inadvertent production.

### *Beware The Geeks*

Consider this. No matter how careful you are, some computer geek may have incorporated a feature into software you do not even know is running on your computer which leads to inadvertent production. In *United States v. Rigas*, 281 F. Supp.2d 733

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(S.D.N.Y. 2003), the government took undeniably reasonable precautions before it made electronic information available. The data was loaded on a dedicated drive on a computer in a secure facility. Defense counsel's consultant was allowed to copy the drive. Back at their offices, defense counsel discovered a bunch of files that contained obvious work product on both the *Rigas* case and others. Defense counsel immediately advised the Government what they had found without further review of the materials; they deposited the files with the court while they sought an application for permission to use them because of inadvertent production.

It turns out that the files were unwittingly copied onto the drive because of a software program that made automatic backups of user files. It was a program that ran in the background, designed to provide a backup for disaster recovery. And, on those facts, the court found that there was no inadvertent disclosure.

But what about the next time? Fool me once shame on you; fool me twice shame on me. Now we have a written opinion which airs the fact that these types of backup programs exist. One wonders whether the next court facing the honest protestations of a lawyer claiming he did not know backup programs might copy his privileged materials onto a drive will consider that failure inadvertent.

### ***The Definition of Reasonable Is Going To Morph With Experience***

See, that's the point. Since most courts are going to consider whether reasonable precautions have been taken to prevent inadvertent disclosure, the definition of reasonable is going to change each time a case gets reported. It was

perfectly reasonable for the Government not to realize it had a backup program. It would be less reasonable to rely on the same excuse twice. In fact, even in the lenient jurisdictions where *any* inadvertent production is given back, there still must be showing that the production was inadvertent. If production is made recklessly without any attempt to learn from past mistakes, might not a court decide that the mistake is not inadvertent at all?

So, do we need a new rule for a new age? The electronic age has dramatically altered the chances of inadvertent production. And while we agree with the Advisory Committee's thought that the volume of e-discovery will lead to more cases of such inadvertence in the short term, we think that the computer age may eliminate the problem in the future, without any need for rule change.

Let's step back a minute. There are generally two critical junctures at which the inadvertence can occur. *First*, When any privileged document is created, there are opportunities to flag the document as such. If those opportunities are missed, that failure may lead to inadvertent production no matter how thorough the later litigation production review. *Second*, no matter how clearly the document was identified as privileged when it was created, it may be inadvertently produced because someone just misses the flags.

Presumably, if a written document really contains work product or privileged attorney client communications, an attorney is involved somewhere in the process. Presumably, the attorney can with minimal effort get the words "privilege" or "work product" put on that document on its face or in the meta or embedded data. And,

while courts sometimes find privilege for documents missing those magic words, can there be any doubt that courts are going to become more and more skeptical of whether a true privilege exists if we do not take simple steps to identify documents as privileged? So let's assume that the day is coming when it will be hard to convince a court that a document is privileged if it does not, somewhere, include the words privilege or work product. It is easy in the electronic age to get the flags put on. So easy, that maybe it exceeds inadvertence not to.

And once the flags are there, it is child's play to find them. Give 10 lawyers 10 days to look at 10 million documents to find 10 privileged documents, and we can all predict they will miss one. Give one computer technician one hour to search 10 million documents and he will find all 10, every time. Even in those cases where the attorney fails to get the word privilege physically put or embedded in a document, the ability to search will make it easy, if not foolproof, to find privileged materials. Search by the name of lawyer, and you'll find all of those documents. Now, of course, the problem with computer searches is that they are often literal. A search for "privilege" will not find documents stamped "privileged." But that should not be a problem. Many search programs use fuzzy logic that will search for mutations of the search terms; and even when you are constricted by literal search tools, you can compensate by searching for the likely permutations.

Here is the scary part. If we can figure this out, a court might decide that you should have too. A mistake that once might have been excused under the rubric "inadvertent production" might no longer be

available to you. And that might be a bitter insect to swallow.

# DISCOVERY

## Deposition By Committee

By Jerold S. Solovy  
and Robert L. Byman



Fred Allen once observed that a committee is a group of persons who individually can accomplish nothing but together will readily agree that nothing can be done. We don't think much of committees. As Sir Barnett Cocks mused (why yes, we did recently get a new book of quotations, why do you ask?), "A committee is a cul-de-sac down which ideas are lured and then quietly strangled." Committees are useless -- except maybe when we set out to take the deposition of a corporate entity.

### *Do You Need Three People To Get One Answer?*

Consider this. You have served a Rule 30(b)(6) notice on the defendant, Really Big Company, commanding that Really Big produce a witness to testify on its behalf on ten enumerated topics. Really Big informs you that while no single individual is able to fully testify on any of the topics, it has identified three persons who, collectively, possess Really Big's entire knowledge. Really Big proposes three depositions on three successive days. You can ask the same questions of all three persons, and when you are done, the three sets of answers will serve

as the corporate response.

Swell. You will have to spend three days out of town taking what ought to be a single day trip. The depositions are in Cleveland, the city of which Fred Allen said "I just returned from Cleveland; if you ever find yourself there, it's the only sane thing to do." But put aside the cost to your client of two extra days of depositions and the cost to you and your family of two extra days on the road. When you get to trial, how are you actually going to use the testimony you will get from three individuals on three different days?

This is a contract case. One of the main issues -- maybe the only issue -- is what constitutes the contract. Your position is that the contract, the whole contract and nothing but the contract is the Purchase Order. You expect that Really Big will say something else, but you want to know exactly what target you have to hit. You want a corporate admission from Really Big to pin down its story; you don't really care very much what the answer is so long as that you have a clear answer, so that you can move the trial along efficiently. So is the contract -- according to Really Big -- the Purchase Order? Or is it the

combination of the Purchase Order and the Sales Confirmation? Or is it both of those plus a couple of subsequent side letters? If you have to ask three individuals that question, you can take to the bank that you will get three different answers. "Is it a fact that the Purchase Order is the entire agreement between the parties?" Volume I, p. 25: "Yes." Volume II, p. 251: "No." Volume III, p. 384: "I'm not certain." Great. So much for fixed targets and efficiency.

### *What About Deposition By Committee?*

Comes the epiphany. Why ask the question three times on three different days? Why not ask it just once -- assemble the three individuals, swear them all in, ask the question, and let whoever speaks up give the answer? Worst case, you get all three different answers, but at least you get them all in the same place, on the same page.

Ah, but imagine the opportunity for gain. You may actually get the three people on the same page. If you ask the same question of three different persons on three different days, you are virtually certain to get three different answers; ask

them as a group, however, and you have a real shot at getting a single answer. First there is the matter of deference. Chances are, the three individuals enjoy different status within Really Big, and the lesser executives are likely to defer altogether to the recollection of their senior, so you'll only get one answer. But even if two or more persons throw in their two cents, when they do it real time -- that is, at the same time -- they are likely to turn to one another, put their heads together, and reach some consensus.

Lawyers, like nuns, are creatures of habit. We are accustomed to taking testimony from individuals, one at a time. Sheriffs swear in groups -- they call them posses -- but lawyers swear in individuals. Uh, huh, that's the way it has always been, but why? The Federal Rules require, in response to a 30(b)(6) request, that a corporate entity designate "one or more" persons for testimony on described matters -- *matters*, not *matter*. But while the persons and subjects are expressed in plurals, the deposition itself is described in the singular. A case could be made that the existing Rules as written permit, if not require, deposition by committee. But

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putting aside whether one side or the other could compel that result, the parties are free to agree to it – and we recently did just that.

We served our notice. Defense counsel told us they had three persons to produce. We proposed deposition by committee. Counsel agreed.

***If Both Sides Think It's A Good Idea, Has One Of Them Miscalculated?***

Now, there is an old maxim in the game of bridge: if both sides lead trumps, one of them has a screw loose. Both sides agreed to this unusual procedure. Was one of us crazy? The simple answer to that question is that we don't know, since we just completed the deposition and we are a fair piece away from trial. It took some courage on both sides to agree to this unusual procedure – and we salute our opposing counsel, Stacey Ballin of Squire, Sanders, for having that grit. Time may tell us that one of us was daft to agree to this brave new procedure; but right now it looks to us as if it was a win-win for both sides.

We swore in the three witnesses simultaneously and offered this preamble: “Good morning. This the deposition of [Really Big Company] pursuant to rule 30(b)(6) of the Federal Rules of Civil Procedure. We're all here for a bit of an experiment because neither Ms. Ballin nor I have ever done anything quite like what we propose to do today, but we think this will be more efficient, take less of your time, less of the parties' time, and therefore, will cost everyone less. What we're going to do today is ask questions of the corporate entity, with three human beings having been sworn in to give those answers. Frankly, while we hope that the reporter will figure out who gives which answer, we don't

care all that much, since we simply seek answers on behalf of the corporation. I'm going to ask questions, and whoever feels that they're ready or able to answer the question will jump in and do so. And if the other persons think that a supplement or correction is necessary they'll do that. And that way we will have corporate answers when we're all done.”

And, gosh, that's just what we got. We saved everyone two days of their lives. We saved the parties two days of legal fees. But mostly, we got unambiguous answers to our questions. As we went through each topic area, one of the three individuals would pick up the lead oar and jump in with an answer. From time to time – not often but with some regularity – one of the others would add a clarification or supplemental information. Someone would refresh someone else's recollection. But in general, whoever answered received deference – and silence – from the others. In not one instance was there any dissent among the three witnesses – so the end result was that the corporate entity gave singular answers.

From the corporate defendant's perspective, of course, singular answers are good – no internal impeachment. But it is equally good from the plaintiff's perspective. In any typical 30(b)(6) deposition – indeed in any deposition – there is bound to be some inconsistency between the deposition and the trial testimony. And, like most evidentiary admissions that are later contradicted, the jury need not wrestle with explanations much more difficult to accept than “well, that guy must have been confused by your question when he gave that deposition, but my trial testimony is the real deal.” We haven't tried this yet, of course, but we

predict that it will much harder to wriggle away from the inconsistency when the explanation has to be “well, all three of those folks, who were chosen because collectively they knew everything, must have been confused, but trust me, I know better.” We now have Really Big's story, good, bad or indifferent, and we have a reasonable assurance that Really Big is going to have to stick to it. We don't have to reconcile or balance different responses; we don't have to collect and collate responses from multiple transcripts.

***We're Not Sure Anyone Has Tried This Before, But Maybe They Should Have***

We are not surprised that we could not find any case law in which this sort of thing was tried before. If it has been done before by agreement between some other ingenuous souls, well, they agreed, so there was no occasion for a court to referee. And, apparently, no one has yet tried to get a court to impose deposition by committee on an unwilling opponent. But we have been to the brink of this future, and it seems worthy. There no doubt will be times when it will not serve one or both parties' interests to use this approach. But we are going to suggest this to opponents when it is appropriate – and when our opponents refuse to agree simply because they are Luddites, we are going to consider asking a court to reason with them. We'll cite this article because, as George Bernard Shaw put it, “I like to quote myself; it adds spice to my conversation.”

The only downside we observed to our experiment is that we didn't get to spend more time in Cleveland. Really. We would have liked to have seen more of the Rock & Roll Museum.

# DISCOVERY

## Mulligans

By Jerold S. Solovy  
and Robert L. Byman



Ah, wouldn't life be grand if we had a redo button. But except for golf, where we duffers have institutionalized the Mulligan in total abrogation of the actual rules of the game, there is no area of life in which we are allowed to change our mistakes without consequence. Uh, well, except of course when we give testimony under oath; then we can make all the changes we want. Fed.R.Civ.P. 30(e) gives witnesses 30 days to make changes in form *or substance* to their deposition testimony.

### *Substance is the Key*

That's right, *substance*. It doesn't matter what the question was. At the deposition the witness answered "that's correct." Within the 30 day period provided in Rule 30(e), the witness changes the answer to "that is not correct." Now, Rule 30(e) does require that reasons be given for such changes, and the deponent complies. The change makes the answer "more accurate and complete" because "she subsequently recalled more accurate information" and "she wishes to clarify her answer." *Greenway v. International*

*Paper Co.*, 144 F.R.D. 322 (W. D. La 1992).

What? She said "YES" at the deposition but wants to say "NO" now because "NO" is a clarification and more accurate? Wow! Can she *do* that? We will give you a direct answer to that fair question -- the same answer the deponent gave -- "yes and no." It depends on the court -- and the stage of the preceding.

In *Podell v. Citicorp Diners Club, Inc.*, 111 F.3d 98, 103 (2d Cir. 1997), the court found that Rule 30(e) allows changes in substance. Deponents must give reasons "but the language of the Rule places no limitations on the type of changes that may be made nor does the Rule require a judge to examine the sufficiency, reasonableness, or legitimacy of the reasons for the changes -- even if those reasons are unconvincing."

Now, it is important to note that the errata sheets are appended to the depositions; they do not, could not erase the original answers. So the trier of fact would have both answers and the inevitable credibility questions that arise from such contradictions. In *Ewell v. Conair, Inc.*, 145 F. Supp. 2d 79, 87 (D. Me 2001), a motion to suppress

contradictory errata was sheets denied; the remedy is not to strike the later suspect answer but rather to let the jury see it for the shiftiness it is: "If the original answers as well as the changes are made available to the jury when and if the deposition testimony is used at trial, the jury should be able to discern the artful nature of the changes." See also, *Daroczi v. Vermont Center For the Deaf*, 2004 U.S. Dist. Lexis 1029 (D. N.H. 2004).

And isn't that the usual course of things -- no matter what a witness may say at a deposition, she may say something different at trial. "The fact that a witness may have made prior sworn . . . statements, inconsistent with his testimony at the trial, does not require the exclusion of his testimony." *United States v. Hoffa*, 349 F.2d 20, 38 (6th Cir., 1965); *Toland v. Forest Laboratories, Inc.*, 2001 U.S. Dist. Lexis 223 (S.D.N.Y. 2001) ("plaintiff could not reasonably suggest that a witness would be precluded by his or her deposition testimony from giving different testimony at trial.") So Rule 30(e) is really just about timing, isn't it? The witness could wait until trial to change yes to no, but under Rule 30(e), she gets to do

it in a more official, more contemporaneous way. She will be able to tell the trier of fact that she caught her mistake early rather than at trial; her opponent will not be sandbagged with the change at trial. So why should errata sheets -- even with radical changes of substance -- be suppressed?

Well, because some courts do not condone Mulligans. The *Greenway* court did not take kindly to the attempt to change yes to no. "A deposition is not a take home examination." Errata stricken. 144 F.R.D. at 325. See also, *Rios v. Bigler*, 847 F. Supp. 1538 (D. Kan. 1994) (court will consider only those changes which clarify, not those that materially alter). "A change of substance which actually contradicts the transcript is impermissible unless it can plausibly be represented as the correction of an error in transcription, such as dropping a 'not'." *Thorn v. Sundstrand Aerospace Corp.* 207 F.3d 383 (7th Cir. 2000).

The issue most often arises in the context of summary judgment. Armed with the answer "yes" to a case dispositive question, the defendant moves. The respondent reads the deposition, notices the oops,

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woodsheds the witness (of course you would never do it, neither would we, but you know lawyers for whom the woodshed is part of the sausage making process), and looks for a way to turn yes to no, defeat to victory. If it is within the 30 day period under Rule 30(e), the change can be made by way of errata sheet; if not, the witness can still file an affidavit to "clarify" that "when I said yes, the more accurate and complete answer was no." Issue of fact created; credibility issue created; summary judgment defeated.

Not so fast. Courts like dispositive motions, so much so that they have developed the "sham affidavit" doctrine to deny attempts to change the substance of sworn testimony to defeat those motions. "When an interested witness has given clear answers to unambiguous questions, he cannot create a conflict and resist summary judgment with an affidavit that is clearly contradictory, but does not give a satisfactory explanation of why the testimony is changed." *Colantuoni v. Alfred Calcagni & Sons*, 44 F.3d 1, 4-5 (1st Cir. 1994). What constitutes a satisfactory explanation? It is not enough to say "I've thought about it and my first answer was wrong." The explanation has to actually be satisfactory. In *Franks v. Nimmo*, 796 F.2d 1230, 1237 (10th Cir. 1986) the court articulated factors under which to measure satisfaction: "whether the affiant was cross-examined during his earlier testimony, whether the affiant had access to the pertinent evidence at the time of his earlier testimony or whether the affidavit was based on newly discovered evidence, and whether the earlier testimony reflects confusion which the affidavit attempts to explain."

So, we do not allow affidavits which contradict unambiguous testimony; such

affidavits are simply disregarded. *Vonckx v. Allstate Insurance Company*, 2004 U.S. Dist. Lexis 11491 (N.D. Ill. 2004) ("Plaintiff cannot explain away his divergent deposition and affidavit testimony by arguing that the statements are merely clarifications . . .; the Court disregards . . . Plaintiff's contradictory . . . affidavit testimony to the extent it contradicts unambiguous prior sworn testimony") And the same reasoning applies to deposition errata. "We see no reason to treat Rule 30(e) corrections differently than affidavits." *Burns v. Board of County Commissioners*, 330 F.3d 1275 (10th Cir. 2003).

In *Pepsi-Cola Bottling Co. v. PepsiCo, Inc.*, 2002 U.S. Dist. Lexis 5840, \*10 (D. Kan. 2002), the court found that if no dispositive motions are pending, a witness is permitted any change in form or substance, even if the reasons given for the changes are unconvincing; but if a dispositive motion is pending, the changes are not permitted without satisfactory explanations. Another judge in the same district came to the same destination on a different path. In *Summerhouse v. HCA Health Services of Kansas*, 216 F.R.D. 502, 507 (D. Kan 2003), the court found that "whatever changes Rule 30(e) permits, they are permitted without regard to the pendency of a summary judgment motion." But the court went on to find that "Rule 30(e) permits any changes to deposition testimony, except those material changes that fail the *Burns* test [of providing a satisfactory reason for the change]." *Id.* at 508. In both cases, same result -- if a change in sworn testimony would defeat a summary judgment motion it was not allowed; if the change was not in the

context of summary judgment it was allowed.

### ***Play Your Ball Where It Lies***

A well-prepared, well represented witness is asked "When you entered the intersection, the light was red, correct?" Under oath, the witness testifies "Yes, that is correct." 29 days later, the witness files an errata sheet saying that the answer should be changed to "No, that is not correct" because, the witness explains, the different answer is a clarification and is more accurate. If a summary judgment motion is filed, the witness is going to be stuck with "Yes" and will not be allowed to create an issue of fact, by affidavit or errata sheet, to say "no." But if for some reason a summary judgment motion is not filed and the case goes to trial, the witness is un-stuck. Some jurisdictions will allow the errata sheets, some will not, but all jurisdictions, apparently, will permit the witness to give different testimony in front of the jury. Someone will have to sort out the credibility of a witness who says different things on different occasions, but we leave that to the jury.

Huh? We can't reconcile this screaming inconsistency. If witnesses are not allowed to contradict their sworn testimony at the summary judgment stage -- when the non-moving party is entitled to the benefit of the doubt -- and if the court can determine as a matter of law that the explanation for the contradiction should be disregarded -- then how does that same new testimony become admissible at trial? If it can be found as a matter of law to be a sham, isn't it error to let the jury hear it? On the other hand, if testimony which contradicts prior sworn testimony is admissible at trial,

how can the court refuse to hear it in the course of granting summary judgment?

So, we give witnesses Mulligans at trial; but they have to play their ball where it lies on summary judgment. Some court may someday make sense of this contradiction, but until then we'll stick to golf, whose rules we understand.

# DISCOVERY

## Lowest Common Privilege

By Jerold S. Solovy  
and Robert L. Byman



Most of us have taken but one bar exam; one was quite enough, thank you. But we have a national practice; we are routinely admitted in federal and state courts outside our home state. And, when we fill out the paperwork for our *pro hac vice* admission to a new jurisdiction, we diligently study the local substantive, procedural and ethical rules so that we are up to speed on the variances from what we studied and live by at home.

### *Privilege Education: If You Wait You're Late*

Uh-oh. Too late. If you wait to learn about the privilege law of other states until you have a specific court appearance to attend to, it will probably be too late to preserve your client's privileges. Long before litigation takes you outside your home state, although you have set neither foot nor briefcase beyond your parochial borders, you may have blown a client's privileges if you have not already informed yourself about and observed the laws of the other 49 states.

In *Sterling Finance Management, L.P. v. UBS PaineWebber, Inc.*, 782 N.E.2d 895 (1<sup>st</sup> Dist. 2002), an Illinois

Appellate court held that Illinois law governs whether a document in dispute in an Illinois proceeding is privileged, despite the fact that the document may have been created and maintained elsewhere, despite the fact that the document was privileged under the law of the state in which it was created and maintained, despite the fact that the document will never be physically in Illinois, unless, of course, it is ordered to be produced in Illinois discovery because it is deemed not privileged under Illinois law. *Sterling* makes it clear that counsel cannot safely follow the rules of privilege she studied for her bar exam, the rules that apply where she is located, the rules that apply where her client is domiciled, the rules where her client does business. Rather, she must acquaint herself with the rules of Illinois – and every other jurisdiction which might adopt a similar position – and follow the lowest possible common denominator.

We are not talking about some casual dicta or venal local chauvinism – and we would say this even if we were not attorneys who practice regularly before this Court – but this opinion of the Illinois

Appellate Court, even for a Court that is usually thoughtful, deliberate and fair, is exceptionally well reasoned.

Red Tangent Alert. OK, this is an aside, but an important one. This opinion arose on interlocutory appeal from a discovery order. We all know that discovery rulings generally cannot be independently appealed, but contempt citations can be. So, rather than comply with the trial court's order to produce the document, PaineWebber "respectfully" declined, was held in contempt and fined \$500, and allowed to appeal. And because it was so respectful about being contumacious, the Appellate Court found that PaineWebber was not actually in contempt and thus, although it affirmed the trial court's rulings, the contempt order and fine were vacated. Go figure. We totally agree with the Court's practical, equitable outcome, but maybe it's time to allow interlocutory appeals of important discovery orders without the charade of contempt machinery. Ah, but that's a topic for another time. Back to subject; tangent alert over.

The Court's decision in *Sterling* was no mere academic

exercise in abstract legal scholarship. The issues and the importance of the disputed privileged document were real. In 1996, Allen Meyer, in-house counsel for PaineWebber, commissioned an outside lawyer, Robert Mendelson, to conduct a legal compliance review of PaineWebber's collateralized mortgage obligations (CMO) derivatives trading operations. Mendelson prepared a written report in which he made a number of recommendations. In the fourth quarter of 1997, PaineWebber's legal department asked Terry Ann Goulard, manager of PaineWebber's internal audit function, to review the CMO trading desk to see how it measured up against the recommendations made by Mendelson. On March 16, 1998, Goulard submitted a draft report to PaineWebber's deputy general counsel, which set out verbatim quotations from the Mendelson report and, for each item of Mendelson's legal advice, Goulard's observations of the trading desk's procedures relating to that advice.

Although there was dispute over whether the Mendelson Report itself was truly privileged when delivered, the

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Court did not need to resolve that issue because it found that any privilege that existed was destroyed when the report was shared with Goulard.

There was no lawsuit when the report was shared with Goulard; there was not so much as a threatened suit. So PaineWebber could not characterize Goulard's activities as work product; either Goulard was within the group of persons to whom PaineWebber's privilege attached or she was not. If so, the document was still privileged; if not, then the disclosure to her waived the privilege.

A quick check of Martindale-Hubbell reveals that Meyer and Mendelson were admitted to practice in New York in 1989 and 1985 respectively; no other admissions are listed for either, and we thus presume neither studied for the bar of any other state, certainly not Illinois. Both Meyer and Mendelson officed in New York. PaineWebber's principal office was in New York. Seeing a trend here? New York, New York, as the song goes. So, as Meyer and Mendelson and PaineWebber took steps to preserve the privilege of the Mendelson Report, what possible law could they follow other than New York's? Paine Webber could not have known in March 1998 when it shared the Mendelson Report with Goulard that Sterling would be filing a suit in Illinois in August 1999. Meyer had done everything he could under New York law, hadn't he? He could not reasonably have contemplated that any law other than New York's might apply to the privilege question, could he? Surely, the Report maintained its privilege, right?

No, wrong. Despite the pop wisdom imparted by the well-known poster, there is a civilization west of the Hudson

River, and clients regularly cross it, whether or not their lawyers do. Clients do business – and sometimes mischief – all over, and they may be sued all over.

The Illinois Court began with a review of the laws of Illinois and New York to see whether a conflict existed. There are, of course, two major tests here. One line of authority establishes the "Control Group" test, which limits the privilege to a small group of persons who actually control the affairs of the corporation. Another follows the "Subject Matter" test, which is broader and includes any employee whose consultation with counsel is necessary to enable the attorney to render his or her advice. Despite PaineWebber's attempt to paint Ms. Goulard as an important PaineWebber employee, the Court assumed that she was a row or two short of the top box on the PaineWebber organization chart. She may have been well within the subject matter test, but she was, opined the Court, well outside the control group.

The United States Supreme Court rejected the control group test in *Upjohn Co. v. United States*, 449 U.S. 383, 101 S.Ct. 677 (1981):

The control group test . . . frustrates the very purpose of the privilege by discouraging the communication of relevant information by employees of the client to attorneys seeking to render legal advice to the client corporation. The attorney's advice will also frequently be more significant to noncontrol group members than to those who officially sanction the advice, and the control group test makes it more difficult to convey full and frank legal advice to the employees who will put

into effect the client corporation's policy. *Id.* at 392, 101 S.Ct. at 593. So in Federal Courts – and the states that agree with *Upjohn*, the control group is deemed too controlling. New York hasn't been particularly clear on whether or not it is one of those states that follow *Upjohn*, but the Illinois Court took as a given that New York would accept the Supreme Court's reasoning, would not follow the control group test, and would find that the Mendelson Report retained its privilege despite disclosure to Ms. Goulard.

It is a wise court, the U.S. Supreme Court, but in its wisdom (and under the Constitution) it allows the 50 states to set their own individual policies on such things. And the individual and sovereign State of Illinois has decided, notwithstanding the wise Supreme Court, that the control group remains the law in Illinois. *Consolidation Coal Co. v. Bucyrus-Erie Co.*, 89 Ill. 2d 103, 432 N.E.2d 250 (1982). So under Illinois law, the Mendelson Report lost its privilege when it was shown to Ms. Goulard.

So whose law applies? PaineWebber argued that New York is the state with the most significant relationship to the Mendelson Report. Well, goodness, the Court said, "we agree." But so what? The fact that another state has more significant contacts to a document does not govern the question of which state's law governs the document's privilege status. In fact, under Section 139 of the Restatement (Second) of Conflict of Laws, "Evidence that is privileged under the local law of the state which has the most significant relationship with the communication but which is not privileged under the local law of the forum *will be admitted* unless there is some special reason why the forum

policy favoring admission should not be given effect." (Emphasis added – by the Court.) Illinois has articulated a strong policy – it recognizes the attorney client privilege but also recognizes that the privilege is at tension with the truth finding process and thus Illinois chooses to place strict limits on the scope of the privilege by following the control group test. In fact, the Court said, it could not conceive of *any* factual scenario in which Illinois should not follow its own policy.

So when New York lawyers retained New York auditors to review legal advice of other New York lawyers to advise their New York client, wasn't it reasonable to assume their actions would be measured against New York law? No. Illinois law applied because a case was long later filed in Illinois.

These lawyers are not to be criticized. It is hard to imagine that many, if any, New York practitioners would have done more. But if it wasn't already clear to you before, the *Sterling* case should serve as a wake up klaxon. It is not enough to observe the rules of your own jurisdiction. "When in Rome, do as the Romans do?" Nope. The rule must now be: "When at home in Rome, consider the entire Empire."

# DISCOVERY

## The Vestigial Rule

By Jerold S. Solovy  
and Robert L. Byman



All right, let's see a show of hands. How many of you have taken a deposition prior to the commencement of an action to perpetuate testimony pursuant to Fed.R.Civ.P. 27? We've been practicing law a combined 83 years, and we have yet to bring or defend a motion under Rule 27. What is this rule? Is it a powerful tool we have overlooked all these years, or is it a vestigial organ – like the human appendix – that ought to be surgically removed before it becomes inflamed and poisons our body of useful rules?

Actually, we have lately come to know that the human appendix is *not* a vestigial organ at all; it is quite useful, merely misunderstood. But the purpose for Rule 27 is a bit harder to fathom. Rule 27 has not been amended substantively since 1948, so its meaning and import have not changed since the day when we (probably -- we've long forgotten) read it while we were in law school. But what exactly does it mean?

You probably live in a world more colorful than ours and already know all about Rule 27; but if not, you should know a little something about the Rule and why, now that we have focused on it, we think it

is both useless and dangerous, and that it ought to be removed.

### *An Overview of the Rule*

Rule 27 was designed to provide a mechanism to perpetuate — not discover but perpetuate -- testimony prior to the filing of an action or during an appeal. Although entitled and originally intended to apply only to depositions, the rule was amended in 1948 to include applicability to rules 34 and 35 to cover inspections and document production. *Martin v. Reynolds Metals Corp.*, 297 F.2d 49, 56 (9th Cir. 1961). To invoke the Rule, the petitioner must identify a potential action cognizable in a court of the United States which cannot presently be brought; and it must set out the facts it desires to establish.

That's right, set out the facts. Although contained in the section of the Federal Rules which deal with discovery, Rule 27 is not a discovery rule. A Rule 27 deposition is not meant to discover facts, but to memorialize and perpetuate them; the petitioner must already know the substance of the evidence it seeks before it can invoke Rule 27. See *Nevada v. O'Leary*, 63 F.3d 932, 936 (9th Cir. 1995)

(petitioner could not satisfy Rule 27 because it could not "set forth the substance of the testimony"); *Ash v. Cort, et al.*, 512 F.2d 909 (3d Cir. 1975) ("We reiterate that Rule 27 is not a substitute for discovery."); *In re Ford*, 170 F.R.D. 504, 507 (M.D. Ala. 1997) ("Here, Ford seeks to discover or uncover testimony, not to perpetuate it.").

Rule 27 was not intended to smooth over the pot holes created by Rule 11. If you can satisfy Rule 11 and bring a claim, the liberal discovery rules which apply once an action is commenced will allow you to take all the discovery you need to prove your claim; but if you cannot satisfy rule 11, you cannot make up the difference with Rule 27, since a Rule 27 deposition cannot be used to discover the facts necessary to frame a complaint. "[I]t is well settled that Rule 27(a) is not a method of discovery to determine whether a cause of action exists; and, if so, against whom action should be instituted." *In re Boland*, 79 F.R.D. 665, 668 (D.D.C. 1978).

### *So What's Wrong With This Rule?*

Deiulemar Compagnia  
(Italian for "Deiulemar

Company"), had chartered the ship *Allegra* from its owner, Pacific Eternity. After the *Allegra* was delivered back to Pacific Eternity, a dispute arose over the condition of the ship's engines while in Deiulemar's possession; pursuant to the charter agreement, that dispute had to be resolved by arbitration in London. While the ship was undergoing repairs in Baltimore, Deiulemar filed a Rule 27 petition to secure the right to physically observe and document the repairs. *In re Deiulemar Compagnia Di Navigazione S.P.A. v. M/v Allegra*, 198 F.3d 473, (4<sup>th</sup> Cir. 1999).

Now, here is where it gets strange. Remember, Rule 27 requires that there be some link to an action cognizable in a US federal court, which for some reason cannot currently be brought. This dispute, by agreement, was going to be heard in London Arbitration. Indeed, the day after the Rule 27 petition was filed, Deiulemar actually filed the arbitration in London. So the underlying action was already pending – and it was an action which was not, could not be brought in a US court. No problem, thought the District Court. Since the ship was about to be repaired and sail

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out of US waters, it was time for extraordinary relief; the petition was granted to preserve the evidence. And the Fourth Circuit affirmed.

How did these courts get around the requirement of an action cognizable in a US court? Well, they found that there was a potential US action -- to enforce the arbitration award. Never mind that the discovery ordered under the Rule 27 petition would have no bearing whatsoever on any such US action (where the only issue would be whether to enforce the award, not to retry the merits of the arbitrators' decision). And the courts got around the facts -- that the arbitration was already pending before any action was taken on the Rule 27 petition and that the arbitration panel could under its own rules decide what discovery was allowable and desirable -- by not directly addressing those facts.

The Fourth Circuit acknowledged that Federal discovery rules typically do not apply to disputes governed by arbitration provisions, citing its own recent decision in *Comsat Corp. v. National Science Found.*, 190 F.3d 269, 276 (4th Cir. 1999) ("A hallmark of arbitration -- and a necessary precursor to its efficient operation -- is a limited discovery process"). Nevertheless it gave one party -- over the objection of the other -- US discovery to use in the arbitration.

Trying to be charitable here, the courts were probably swayed by the fact that the London Arbitration rules give arbitrators the power to order physical inspections and document production, so the courts gave *Deiulemar* nothing it could not have and should not have obtained in the arbitration. But a recent case

has taken *Deiulemar* to a new and troubling level.

In *In Re Petition of Compania Chilena De Navegacion*, 2004 US Dist. LEXIS 6408 (E.D.N.Y. 2004), the court was similarly faced with a ship temporarily located in US waters which was about to sail; *Compania Chilena* (Chilean for Chilean Company) sought to take the depositions of nine crew members who were not US citizens and could not be expected to return to US jurisdiction. Like *Deiulemar*, the underlying dispute was, by agreement of the parties, to be arbitrated under the London Arbitration rules. Nevertheless, relying on *Deiulemar*, the court ordered that the nine depositions proceed under Rule 27.

This time, Rule 27 was not merely used to provide a party with something it could have obtained anyway in the arbitration forum; the London Arbitration rules provide no mechanism for depositions. *London Court Of International Arbitration, Article 22*. Nine non-US citizens were required to sit for US depositions pursuant to US Rules -- depositions whose only possible use would be in a London Arbitration whose Rules do not provide for that procedure.

#### ***There Is No Need For Rule 27***

We would have thought that our Federal courts have enough work to do that they do not need to stretch the limits of arcane rules like Rule 27 to meddle into proceedings over which they have no real jurisdiction and no real interest. But that's just us. We presume that these courts saw a genuine need to give this sort of relief; but even so, they did not need Rule 27 to do it.

When Rule 27 was initially adopted in 1938 it was not to fill any void but rather to codify existing practice. "This rule offers a simple method of perpetuating testimony in cases where it is usually allowed under equity practice or under modern statutes." *Notes of Advisory Committee on Rules*. Although not universally, most states then and now recognize the existence of an equitable cause of action to take discovery independent of a lawsuit on the merits where exceptional circumstances exist.

In *Lubrin v. Hess Oil Virgin Islands Corp.*, 109 F.R.D. 403 (D. V.I. 1986), Lubrin was a plaintiff looking for a defendant. Lubrin was injured during the course of his employment with Hess by coming into contact with chemicals escaping from a cargo tank designed and owned by third parties. Lubrin was barred from suing Hess under workers compensation laws and Hess would not voluntarily cooperate with him so that he could determine the identity of the third parties. The court found that Lubrin could bring an independent equitable action for discovery and obtain the right to a physical inspection and a 30(b)(6) deposition.

Lubrin could not have used Rule 27 to frame his complaint; but he didn't need to, since an equitable action for discovery provides far greater latitude than Rule 27. For example, in Florida, the equitable action can be brought for use in an action whether or not it is already pending or is merely anticipated; the equitable cause can be used to help frame a complaint, including identifying proper parties and proper legal theories. *Perez v. First National City Bank of New York*, 328 F. Supp.2d 1374 (S.D. Fla. 2004). Not all states

recognize independent equitable actions, *see Austin vs. Johnston Coca-Cola Bottling Group, Inc.*, 891 P.2d 1143 (Kan. App. 1995), but the majority rule is to allow those actions.

#### ***It May Be Time For A Rulectomy***

And that's all we need. We did not particularly need Rule 27 when it was originally adopted and we certainly do not need now a rule which can be twisted to allow parties to evade arbitration agreements. The Judicial Conference of the United States is currently considering an amendment to Rule 27 -- a simple, non-substantive, stylistic cleanup. But maybe the Conference should take a closer look at the Rule itself and decide whether, like an appendix, it may no longer be necessary.

# DISCOVERY

## Admit It

By Jerold S. Solovy  
and Robert L. Byman



Admit it – requests for admission evoke a bit of terror. Your opponent is setting you up for disaster. Admit and your opponent will use your admissions to get summary judgment or make her life easier, yours uncomfortable at trial. Deny inadequately and you may find yourself to have made admissions anyway. Deny improvidently and you may have to pay the other side for proving the facts. Nothing good can come from this.

Okay, for those of you who have not read Rule 36 recently, let's review. A party may serve requests for the admission of facts, opinions of fact or the application of law to fact, including the genuineness of documents. The responding party has 30 days to (1) admit the request, (2) deny the request -- subject to the sanction provisions of Rule 37(c), or (3) set out sufficient reasons why the request cannot be unequivocally admitted or denied. Simple.

Simply awful. If you admit, you have given your opponent what she wants. Ugh. If you deny, you run the risk of sanctions; absent good reason for a failure to admit, Rule 37 mandates – not allows, mandates – payment of reasonable expenses including

attorneys' fees. Ick. And if you object, you still have the possibility of Rule 37 sanctions; and if the court determines that an objection does not comply with the requirements of the rule, it may order that an amended answer be served – *or that the matter is admitted*. Yuck.

### *Do Not Fear – Embrace The Beast*

Really? Maybe not. Maybe you should not fear the beast but embrace it. If your opponent asks you to admit a fact that she is able to prove, there is no less painful way to make that admission than via Rule 36. And you may be able to actually turn the exercise to your advantage.

Our fear and loathing of Rule 36 is the result, in part, of false advertising. The Rule is billed as a discovery rule – but it is not. “Rule 36 is not a discovery device. The purpose of the rule is to reduce the costs of litigation by eliminating the necessity of proving facts that are not in substantial dispute, to narrow the scope of disputed issues, and to facilitate the presentation of cases.” *T. Rowe Price Small-Cap Fund v. Oppenheimer & Co.*, 174 F.R.D. 38, 42 (S.D.N.Y. 1997).

And though it is entitled as a request for “admissions,” that isn't correct either. “In form and substance a Rule 36 admission is comparable to an admission in pleadings or a stipulation drafted by counsel for use at trial, rather than to an evidentiary admission of a party.” *F.R.Civ.P. 36, 1970 Committee Comments*.

The distinction is important. Vitally important. Because Rule 36 specifically limits the use of admissions pursuant to the Rule to the particular case: “Any admission made by a party under this rule is for the purpose of the pending action only and is not an admission for any other purpose nor may it be used against the party in any other proceeding.” So there is no side effect from taking your medicine when you have to make an admission.

Let's pose a slightly bizarre hypothetical to make the point. Your client, BlackAs Inc., didn't mean to, of course, but it inadvertently dumped a few trillion gallons of toxic waste into the river. Lee Galaction, the first downstream farmer, has already sued. There are another hundred farmers a piece down the river who are talking to lawyers. Oh, and the US Attorney has

convened a grand jury. Galaction alleges that BlackAs discharged toxic waste into the river and that the waste was the proximate cause of Galaction losing 600 acres of Soybeans worth \$100,000 per acre.

BlackAs wants to settle with Galaction because it has no defense on the merits. But Galaction is being greedy – his beans are worth something more like \$10,000 an acre rather than \$100,000, and that extra zero makes a half-billion dollar difference that is hard to get past. So BlackAs has to defend. Now, if it were to admit the discharge allegations when it files its Answer, that is a judicial admission in the pending suit – that will be binding and probably lead to immediate judgment on liability – but worse, it is an evidentiary admission that can be used in the future by the other hundred farmers and by the government. *Kohler v. Leslie Hindman, Inc.*, 80 F.3d 1181, 1185 (7<sup>th</sup> Cir. 1996). So, duh, your only option is to deny the allegation when you answer the Complaint. (We told you this was a bizarre example; we aren't going to try to guess how you will wrestle to submission your Rule 11 concerns, but we presume that

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you, Art Fuldodger, can find a way to fudge the Answer.)

This, of course, merely delays your pain. You can live until trial or summary judgment, but there will come the day when Galaction proves his allegation over your denial. And when he does, that finding will operate to collaterally estop BlackAs from denying liability in any future civil action. Bummer.

But Galaction can't wait. He has filed under Rule 36, repeating the same allegations in the Complaint that you could not, must not admit. What now? Your denial in the Answer might have some amorphous Rule 11 repercussion, but Katie bar the door on the sanction you will face now if you deny the Rule 36 Requests.

Should you deny, Galaction will have to hire chemists and geologists and biologists as experts; he will have to depose a zillion of your employees; he will have to obtain, review and proffer into evidence few terabytes of documentary materials. It will cost a fortune, and he will present the bill to BlackAs, not to mention (well we do mention) hitting you with a king's ransom in attorneys' fees.

Ah, but here's the beauty. You don't have to deny. Galaction has done you a favor. You can admit. You can proceed to trial on damages without worrying about the other cases. Because your admission can't be used by the government nor by the other potential plaintiffs.

That's because an admission under Rule 36 isn't an admission at all in the evidentiary sense; it is simply a stipulation that proof of the particular fact has been rendered moot by stipulation. Because an admission under

Rule 36 is for the purpose of the pending action only, it cannot be used as an admission in any other proceeding. "Consequently, admissions made in accordance with Rule 36 have no collateral estoppel effect." 7-36 *Moore's Federal Practice - Civil* § 36.03 So go ahead and admit. No worries about collateral damage.

#### ***Requests to Admit: From Good To Great***

And, while requests to admit might be a good thing, we can envision situations in which they might go from merely good to great. Let's assume that Galaction's specific request to admit is worded: "Admit or deny that BlackAs dumped 100 gallons of the toxic chemical reallybadforcropomine into the Big Muddy River immediately upstream from the Galaction Farm." You know that the experts will tell the jury that it takes 100 gallons of that chemical to destroy one acre of soybeans. So you jump on that request. You are happy to stipulate that the amount of waste released was only 100 gallons.

Can you bind the propounding party to the stipulation it requests? We're not sure; but it's a distinct possibility. Professor Moore thinks not: "the party requesting an admission is not necessarily bound by the admission, and even if the requesting party offers the admission in evidence, the requesting party is also free to produce contradictory evidence." 7-36 *Moore's Federal Practice - Civil* § 36.03 But *Moore's* cites only two not so recent cases in support of that proposition, one of which relies entirely on *Moore's* itself, the other of which doesn't exactly stand for

the proposition. *Champlin v. Oklahoma Furniture Mfg. Co.*, 324 F.2d 74, 76 (10th Cir. 1963) (citing *Moore's*); *Brook Village North Assocs., v. General Elec. Co.* 686 F.2d 66, 75 (1st Cir. 1982) (cited by *Moore's* but really holding that party may offer *additional* evidence to the extent that it *supplements* rather than contradicts the admission).

Do your own research. But why shouldn't a party who compels her opponent to make a stipulation be equally bound by the stipulation? If the complaint had alleged that only 100 gallons were dumped, that would be a judicial admission and binding on Galaction; why shouldn't he be bound – at least for the pending case – by his own requests for admission?

OK, Galaction probably isn't dumb enough to make such a stupid request; he saves himself simply by making a better request, such as "admit that BlackAs dumped 100 gallons *or more*." Then your admission simply means that you have admitted dumping; evidence of the precise amount is supplementary, not inconsistent. (That's the actual holding in *Brook Village North Assocs., v. General Elec. Co.* 686 F.2d 66, 75 (1st Cir. 1982)).

But consider a more mainstream scenario. Galaction asks you to admit all of the salient facts that establish liability. You admit them. At trial, Galaction shows up with eight boxes of pictures of his withered crops and a dozen witnesses who will testify to the devastation to his crops -- and his life. But you have stipulated to this. The whole point is to obviate the need to offer proof, so why should Galaction be permitted to offer the proof anyway? Well, the cases suggest that the court has discretion to allow

the proof; but it is discretion, not a right. See *Briggs v. Dalkon Shield Claimants Trust*, 174 F.R.D. 369 (D. Md. 1997) You have a fair shot of convincing the court to reign in the evidence.

Don't get us wrong. Requests for admission remain offensive weapons for the proponent, and potent weapons at that. But think legal ju jitsu – turn the power of your opponent's thrust back to defeat hi

# DISCOVERY

## UnWaiver

By Jerold S. Solovy  
and Robert L. Byman



You are smart enough to know that you cannot unscramble an egg, unring a bell, unmix a spot of ink from a glass of milk. So what makes you think you can unwaive a privilege? Okay, you *are* smart enough to know you can't – but you probably know people who aren't that smart. This article is for them. Pass it on. We are amazed that some lawyers think they can waive a privilege in case A and then assert the privilege in case B. To be fair, some judges seem to think so too, but these judges need better clerks. The overwhelming majority view is that a privilege waived is a privilege lost.

Let's start with Privilege 101: Attorney client communications and attorney work are shielded from discovery and disclosure. But if you disclose privileged material to a third party who is not within the umbrella of privilege, the privilege is waived. Lost. Gone. Finito. “[D]isclosure to a third party almost invariably surrenders the privilege with respect to the world at large; selective disclosure is not an option.” *Burden-Meeks v. Welch*, 319 F.3d 897, 899 (7th Cir. 2003); “voluntary disclosure in one case waives the privilege with

respect to the disclosed communications in all subsequent cases.” *Urban Box Office Network, Inc. v. Interfase Managers, L.P.*, 2004 U.S. Dist. LEXIS 21229 (S.D.N.Y. 2004).

We lawyers often dwell between a rock and a hard place. We represent Public Company, Inc. The SEC is investigating allegations of insider trading by the entire Board of Directors and senior management. Sinister flocks of plaintiffs' lawyers circle overhead.

Public has commissioned us to conduct an internal investigation and we have prepared a detailed report – indisputably attorney work product and attorney client material – that discloses a number of embarrassing and even illegal details about certain officers and directors, but which helps establish the innocence of the most senior executives. The SEC has subpoenaed all internal investigation reports, and it doesn't much care about whether the report is privileged; the SEC's view is that an assertion of privilege is an aggravating factor, fair game to use to enhance any sanction eventually assessed against Public. Indeed, we

want to disclose the report to the SEC, because we hope to use it to convince them that civil rather than criminal sanctions are in order. We want to make the report the focus of our Wells Submission. Um, but we would really, *really* like to keep the report privileged so that those waiting carrion plaintiffs' bar are not handed a road map to Public's demise in private litigation.

Don't disclose the report and the SEC will be miffed, may bring criminal charges. Rock. Disclose and maybe the SEC will go easy, but the civil litigators will feast on the entrails of the report. Hard Place. What to do?

### *The Doctrine Of “Selective Waiver” To The Rescue?*

In *Diversified Indus. v. Meredith*, 572 F.2d 596 (8th Cir. 1977), the Eight Circuit found that selective disclosure to the government was not a waiver of privilege; in what has come to be known as the “selective waiver” doctrine, the court based its holding on the policy consideration that if voluntary disclosure to the SEC [or other governmental agency] waives privilege as to subsequent private litigants, parties might be discouraged

from cooperating with governmental investigations; similarly, corporations might hesitate to conduct independent investigations of wrongdoing. *Id.* at 611.

Refining the concept, *Teachers Insurance & Annuity Association of America v. Shamrock Broadcasting Co.*, 521 F. Supp. 638 (S.D.N.Y. 1981), allowed an assertion of limited waiver when disclosing confidential information to a government agency, but only when there was an express reservation of the right to assert the privilege in other proceedings. The court reasoned that “a contemporaneous reservation or stipulation would make it clear that . . . the disclosing party has made some effort to preserve the privacy of the privileged communication, rather than having engaged in abuse of the privilege by first making a knowing decision to waive the rule's protection and then seeking to retract that decision in connection with subsequent litigation.” *Id.* at 646

A variation on the theme was played in *SEC v. Amster & Co.*, 126 F.R.D. 28, 30 (S.D.N.Y. 1989), recognizing limited waiver if the privilege holder and government have

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entered into a binding agreement to preserve the privilege. See also *Jobin v. Bank of Boulder*, 616 B.R. 689, 695-96 (D. Colo. 1993).

### ***But The Doctrine Is Dubious If Not Entirely Defunct***

The problem is that no other Circuit has ever agreed with the Eighth – and it is not altogether clear that the doctrine remains viable even in the environs of its birth. In *PaineWebber Group, Inc. v. Zinsmeyer Trusts Pshp.*, 187 F.3d 988, 992 (8th Cir. 1999), giving only passing reference to its then 20 year old holding in *Diversified*, the Eighth Circuit announced that “the attorney/client privilege is waived by the voluntary disclosure of privileged communications, and courts typically apply such a waiver to all communications on the same subject matter.”

The other Circuits which have addressed the issue head on have rejected the holding and the rationale of the selective waiver doctrine. For example, in *Salomon Bros. Treasury Litig. v. Steinhardt Partners, L.P.* 9 F.3d 230, 235-36 (2d Cir. 1993), the Second Circuit explained why the doctrine has no legs: “the protection of privilege is not required to encourage compliance with SEC requests for cooperation with investigations. . . . The SEC has continued to receive voluntary cooperation from subjects of investigations, notwithstanding the rejection of the selective waiver doctrine by two circuits and public statements from Directors of the Enforcement Division that the SEC considers voluntary disclosures to be discoverable and admissible.” The *Steinhardt* court found that voluntary submission of privileged materials to the SEC

waived the privilege as to subsequent civil litigants.

Although *Steinhardt* dealt with and spoke of voluntary disclosure, it does not much matter that the disclosure might be forced by subpoena. “[T]he heart of the waiver issue is the provision of information to an adversary as opposed to the voluntary nature of such disclosure.” *Hobley v. Burge*, 2004 U.S. Dist. LEXIS 6858 (N.D. Ill. 2004).

Nor does it much matter that the SEC might, in a particular case, expressly agree to treat disclosed materials as retaining privilege. In *Tenn. Laborers Health & Welfare Fund v. Columbia/HCA Healthcare Corp.*, 293 F.3d 289 (6<sup>th</sup> Cir. 2002), the Sixth Circuit rejected the notion that an agreement between a litigant and the government could bind other litigants, other courts.

Logic 101. Your agreement with the government might – might – bind the government, but how on earth can it bind another litigant who was never a party to that agreement? How can it bind a court in subsequent litigation? *In re Lupron Mktg. & Sales Practices Litig.*, 313 F. Supp. 2d 8 (D. Mass. 2004) is instructive. In the late 1990's, TAP Pharmaceutical came under intense government scrutiny for the manner in which it had priced its proprietary drug Lupron®. TAP and the government entered into a settlement in which TAP plead guilty to violations of Federal law, paid a criminal fine of \$290 million and paid another \$585 million in civil restitution. As part of the settlement, TAP agreed to produce material to the government that had been withheld under claims of work product protection and attorney-client privilege. The government agreed to treat the

material as if protected by grand jury Rule 6(e). When later civil litigants sought disclosure of those same materials, TAP sought cover under its agreement and the *Diversified* selective waiver doctrine. Nice try, no dice. “[E]very Circuit but the Eighth that has addressed the issue has ruled that voluntary disclosures to the government in an enforcement context destroy the attorney-client privilege. [citations omitted] TAP consequently is left with the measly support of a “celebrated and controversial” twenty-five year old opinion [*Diversified*] bringing forth a doctrine which . . . has but a paragraph of analysis as its birthright, no Circuit siblings, and moreover, is probably an orphan in its own home.” *Id.* at 12-13.

At least one commentator has suggested that the form of disclosure may make a difference. Note: “Wells Submissions To The SEC As Offers Of Settlement Under *Federal Rule Of Evidence 408* And Their Protection From Third-Party Discovery, 102 *Colum. L. Rev.* 1912 (2002). The author makes the argument that a Wells Submission -- the document the SEC Division of Enforcement allows you to file in a usually futile effort to talk them out of the course they have already decided upon – is really an offer of settlement subject to Rule 408. And it is a persuasive argument – for excluding evidence in a trial subject to the Federal Rules of Evidence. But admissibility at trial, and discoverability before trial, are enormously different propositions.

The fact that materials may not be admissible is, of course, relevant but not dispositive of whether those materials are discoverable; and two lines of cases have developed which place the burden of

demonstrating or refuting admissibility of Rule 408 settlement materials on one side or the other. *Bennett v. LaPere*, 112 F.R.D. 136 (D.R.I. 1986) places the burden on the opponent of discovery to show that the evidence is not likely to lead to the discovery of admissible evidence. *Bottaro v. Hatton Associates*, 96 F.R.D. 158 (E.D.N.Y. 1982), on the other hand, reasons that because Congress intended to exclude certain items of evidence, the burden should be placed upon the proponent of discovery to make some “particularized showing” of a likelihood that admissible evidence will be generated by discovery.

Okay, so where does this leave us? Rock. Hard Place. Choose one. If you care about the privilege – don’t disclose the privileged material. Don’t assume that production with a subpoena pointed at your head is enough. Don’t count on an agreement with the government in case A to persuade the judge in case B that there was no waiver of the privilege. You might as well try to put Humpty Dumpty back together again as unwaive a waived privilege.

# DISCOVERY

## Blanket Objections

By Jerold S. Solovy  
and Robert L. Byman



### *A Blanket Objection Is No Objection At All*

Multiple choice: A “blanket objection” is: (a) a frequent but futile lament about the falling snow; (b) a marital dispute over the disproportionate amount of bed comforter arrogated by one spouse over the other; or (c) no comfort at all. The answer -- in the Ninth U. S. Circuit Court of Appeals for sure and maybe everywhere -- is (c): a blanket objection may be no objection at all; it may waive otherwise valid privileges. In a recent and notable opinion, the 9th has held, in *Burlington Northern & Santa Fe Railway Co. v. Kapsner*, 2005 U.S. App. LEXIS 5150 (Mar. 31, 2005), that “boilerplate objections or blanket refusals inserted into a response to a Rule 34 request for production of documents are insufficient to assert a privilege.” *Id.* at \*14.

What? You assert a timely objection to the production of privileged material, a court later determines that the objection is too generic, and the result is that the privilege is blown? Can that be? It can, at least in the 9th Circuit and any other court that cares to join that bandwagon.

The Kapsners filed a toxic tort action and attendant discovery on Burlington. Burlington responded to the document requests in a timely fashion, offering to produce responsive documents but generally objecting to the production of privileged ones. Burlington did not supply a privilege log at the time, and didn’t do so until several months later. The Kapsners were not satisfied with the detail in the log, and asked for production of all withheld documents. The trial court granted that request, holding that Burlington had “waived its privilege objections by failing to provide a privilege log at the time it served its discovery responses.” *Id.* at \*7. Burlington ran, via writ of mandamus, to the 9th Circuit, hoping for mercy. Hope may spring eternal, but Burlington’s train had left the station. Mercy withheld. Writ denied. Privilege lost.

The *Burlington* Court reached its result by analyzing the interplay between Federal Rules 26 and 34. Rule 34 requires a written response to a discovery request within 30 days. Of course, Rule 34

allows a shorter or longer time if ordered by the Court or if agreed in writing among the parties; but absent order or agreement, 30 days. Not 30 days or so, 30 days. Bright-line, black and white. And Rule 34 requires that the response must state the reasons for any objections. But nothing in Rule 34 addresses the level of detail that must be provided in support of the objection, nothing expressly makes blanket objections improper or untimely. “I object to producing privileged documents” is an objection and it is accompanied by a reason. Rule 34 is satisfied.

Ah, but Rule 26(b)(5) remains hungry. “When a party withholds information . . . by claiming that it is privileged . . . , the party shall make the claim expressly and shall describe the nature of the documents, communications, or things not produced or disclosed in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the applicability of the privilege or protection.” The Rule doesn’t expressly say “privilege log” but that’s semantics -- what else would you call something that describes the nature of the

withheld materials sufficiently enough to determine the propriety of the claim of privilege? So a privilege log is required. But nothing in Rule 26 imposes any timetable nor incorporates the Rule 34 30-day deadline.

Putting the two rules together, the court put it to Burlington. The *Burlington* court could not find (nor could we, but we probably didn’t look as hard as their clerks did) any other Circuit Court authority on point. “No Circuit has explicitly weighed in on the precise content of *Rule 26(b)(5)*’s notice requirement, nor on its relationship to *Rule 34*’s deadline. This circuit has held that a privilege log is sufficient to assert the privilege properly, without explicitly holding that it is necessary to meet those requirements.” *Id.* at \*11-12.

The 9th Circuit might have simply denied the writ -- after all, the standard on mandamus is exceedingly high. But it did not take that beaten path, making a case-specific ruling on this single case; instead, it chose to articulate a holding that sets the bar in that circuit and perhaps elsewhere: “We hold that boilerplate objections or blanket refusals inserted into a response to a *Rule 34* request

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for production of documents are insufficient to assert a privilege.” *Id.* at \*14.

The Court might have gone even further. The *Burlington* Court rejected the *per se* rule imposed by the district court that would deem the privilege waived simply by failing to serve a privilege log within the 30-day period. Instead, the 9th Circuit held that 30 days is the default guideline; waiver should be determined on a case-by-case basis taking into account (1) how blanket was the blanket objection; (2) how late was the late submission of an adequate privilege log; and (3) how easy or hard would it have been to comply within the default 30 days. But note -- the *Burlington* Court held that the mere fact of the five-month delay in the production of a log was, in the absence of mitigating factors, fully sufficient reason to find waiver.

Strangely, the Court characterized its dramatic holding as moderate: “we now chart a middle road through the wide spectrum of case law regulating discovery.” *Id.* at \*14. Ironically, the Court did not actually discuss the status of that alluded-to case law, simply making the *blanket* observation that “much ink has been spilled” on the subject. But make no mistake about it. This decision is not middle-road; it rides the right shoulder of a six-lane highway. And it ought to strike fear in recalcitrant discovery respondents everywhere.

That’s not to say that the court wrongly decided. The decision makes perfect sense. And it’s not to say that this holding should not have been anticipated by earlier district court opinions.

Now, some courts have gone distinctly the other way. A good part of the work which

populates the 9th Circuit hails from California, whose state courts of appeal have come to a totally different conclusion. In *Best Products, Inc. v. Grantenelli Motorsports, Inc.*, 119 Cal. App. 4th 1181 (Ct. App. 2d. Dist. 2004), the same issue was hoisted on the same procedural lever. As in *Burlington*, the trial court found that a failure to timely file a privilege log resulted in the waiver of privilege objections; as in *Burlington*, the privilege-seeker sought mandamus.

But the California appellate court granted the writ, reversing the trial court, restoring the privilege to its asserter. The court found that only the objection need be made in a timely fashion, and the objection can be boilerplate; if the information that should have been supplied a la privilege log is not provided, there may be sanctions, but waiver of privilege is not one of them. A court may enter orders compelling further responses; it can impose issues sanctions, evidence sanctions, monetary sanctions, or even terminating sanctions. But a judicial order that a privilege has been waived is not an appropriate sanction. *Id.* See also, *People v. Lockyer*, 122 Cal. App. 4th 1060, 1072-76 (Ct. App. 4th Dist. 2004).

So boilerplate offenders may take comfort in California. In state court cases. But the California Rules of Procedure are quite different than the Federal Rules. The California Rules specifically address the waiver of privileges, so any analogy to Federal procedural law is somewhat problematic. And, of course, Federal judges sitting in California will follow 9th Circuit authority.

### ***Boilerplate Objections Are Improper***

But California state courts aside, it should come as no surprise that blanket objections could throw a wet blanket on otherwise legitimate claims of privilege. In *Hobley v. Burge*, 2003 U.S. Dist. 20585 (N.D. Ill. 2003), counsel argued that his blanket “legal” objections to all discovery were not the “real” objections, but rather had been raised to avoid any waiver until the “actual” objections could be posed. Holding that the Federal Rules do not afford a foe a fulcrum for a faux response, the court held “Objections must not only be timely, they must be proper, or the result is waiver.” *Id.* at \*11. The objections were waived; and counsel was personally sanctioned for the faux objections.

Other district courts have held that a boilerplate objection is insufficient to raise a valid objection. See, e.g., *United States ex rel. Fisher v. Network Software Assocs.*, 217 F.R.D. 240, 249 (D.D.C. 2003). And that a failure to raise a valid objection waives an attempt to later assert what might otherwise be a valid objection. See, e.g., *PLX, Inc. v. Prosystems, Inc.*, 220 F.R.D. 291, 293 (D. W.Va. 2004). But most courts have been reluctant to let waiver equate to loss of attorney client privilege. *Haring v. Eckerd Corp.*, 2002 U.S. Dist. LEXIS 11654, \*3-4 (D. Pa. 2002)(boilerplate objections overruled and waived, but defendant given one last chance to move for a protective order with details establishing privilege). Most courts have been reluctant to find privilege waiver, that is, in the world prior to the *Burlington* opinion. With 9th Circuit authority to back them, expect courts to become

increasingly less sympathetic to blanket objections.

When you get hit with oppressive discovery requests, there is an understandable temptation to respond with boilerplate objections. Resist the temptation. First, get enough time to do it right, either by agreement or by court order. Second, do it right. Make specific objections, detailed objections, proper objections. Don’t be a blanket waiver.

# DISCOVERY

## Rule 31 Depositions

By Jerold S. Solovy  
and Robert L. Byman



“A pessimist,” bemused Woody Allen, “confronted with two bad choices, chooses both.”

A lawyer, confronted with several inadequate choices, chooses them all, yet probably overlooks an important additional option. You, Conan the Discoverer, have taken thousands of depositions. You, Gui the Inquisitor, have served millions of interrogatories. You, Attorney the Hun, have propounded gazillions of requests to admit and document requests. But we bet you have seldom -- if ever -- taken a Rule 31 deposition.

We’ll pause for a moment here while you run to the library and look up the Rule -- it’s right there between Rule 30 (Depositions) and Rule 32 (Use of Depositions). You know those two Rules cold, of course. But Rule 31 -- not so much. Okay, we won’t make you go to the library. Rule 31 provides for depositions upon written questions. A Rule 31 deposition is exactly like a Rule 30 deposition. You can designate a witness by name or description ala Rule 30(b)(1); or as a corporate representative ala Rule 30(b)(6). You can record the deposition by stenographic or audio or video means. You can demand the

production of documents. The witness is under oath. She testifies orally. The only difference is that you aren’t there when the questions are asked. You write your questions out in advance; your opponent, who also isn’t there, writes out cross questions. You write out redirect; they write out re-cross. You send it all off to an “officer” who asks the questions.

Half interrogatory, half deposition, Federalrulenstein’s Monster. What is this beast? We have been practicing for a -- well, for a long time -- and we have never brought the rule to life, never taken a Rule 31 deposition. But now that we think about it, why not? We have overlooked an important tool.

### **Rule 31: An Overlooked But Valuable Tool**

“Depositions on written questions are an extremely valuable tool for discovery and can properly substitute for trial testimony from an unavailable witness.” *Horvath v. Deutsche Lufthansa, AG*, 2004 U.S. Dist. LEXIS 1733 (S.D.N.Y. 2004). You need testimony from someone who resides in a remote, hard-to-get-to, outrageously expensive-to-get-

to spot like Timbuktu or New York City? Rule 31 may be the answer. You need testimony from an inmate? Rule 31 may be the answer. Now, of course, there are other vehicles by which to pose questions to these persons. There are interrogatories, requests to admit, requests for production, traditional depositions. All of these mechanisms have their pros and cons. But Rule 31 needs to be considered in the mix.

Let’s start with a simple problem. Your client has provided you with a copy of what appears to be a memo from the President of ABC Widgets to his executive staff summarizing a meeting he had with a dozen or so other widget manufacturers at which everyone agreed to set the price of widgets at \$5 per widge. Here’s the question: Is this document a true and correct report of events made at the time by a person with knowledge of the events and was it prepared and maintained in the course of regularly conducted business activity?; that is, is it a business record, can you get it admitted against all twelve defendants? You have choices. Serve a document request to get ABC’s file copy of the memo. Serve

an interrogatory. Serve a request to admit. Take a deposition. Take a Rule 31 deposition.

A document request is nice, but not enough by a long shot. You will get ABC’s copy of the document and establish authenticity that way, but it will not establish that the document is a business record exception to the hearsay rule.

An interrogatory or request to admit directed to ABC should establish that the memo is a business record -- as to ABC. It will do you diddlysquat as to the other 11 defendants. In *Zenith Radio Corp. v. Matsushita Elec. Indus. Co.*, 505 F. Supp. 1190, (E.D. Pa. 1980), the plaintiff in a multi-party antitrust suit attempted to lay the foundation for the admission of evidence through an interrogatory answer which admitted the authenticity of certain documents. Problem was, however, that “under F.R.E. 801(c), an interrogatory answer is hearsay except as to the party furnishing the answer, as to whom it is not hearsay under Rule 801(d)(2).” *Id.* at 1226.

A deposition solves the problem. Testimony taken with all parties having the opportunity to cross examine will establish the business

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record foundation in a manner admissible against all parties. But the problem with traditional depositions is that they are so expensive. Do the math: 1 deposition times 13 lawyers times rapacious hourly rates plus travel plus coffee and donuts equals a fortune. In a fee shifting case, a fortune you may have to pay.

Think Rule 31. You don't even have to pop for coffee and donuts.

Now, let's be clear. Rule 31 depositions have their limitations as well. The main drawback is that they are static; there is no opportunity to follow up on the responses to the questions. They are transparent; the questions must be fully disclosed in advance, so there is no opportunity to surprise your adversary or the witness with a line of questioning. Although the witness responds to the questions orally, there is no prohibition upon either side sharing the questions with the witness in advance – it is no different than meeting with a witness in advance of a traditional deposition to prepare. See, *Hamdi & Ibrahim Mango Co. v. Fire Ass'n of Philadelphia*, 20 F.R.D. 181, 182 (S.D.N.Y. 1957), where the court summarily rejected the argument that questions should not be disclosed in advance.

And Rule 31 depositions count. A Rule 31 deposition is a deposition, so it counts against the presumptive limit of ten depositions imposed by Rule 30, and it counts as a prior deposition, requiring leave of court if you later wish to do a Rule 30 deposition of the same individual.

Limitations or not, in the right case, Rule 31 may be the right vehicle, may be the best vehicle. Take our hypothetical antitrust case. As to each

defendant, you want to know many things, but primarily (1) the prices charged for widgets from 1995 to present and the dates of each price increase; (2) the factors which led to each increase; (3) the dates of and participants in each meeting among the defendant manufacturers; and (4) the substance of each such meeting. Interrogatories are probably an efficient way to get answers to the first three questions which ask for specific factual detail – if you don't care about the fact that those answers will only be admissible against the specific answering party. But odds are that you will get objections and obfuscation in response to the latter question about the substance of meetings. So interrogatories are a limited, not totally satisfactory solution.

A traditional 30(b)(6) deposition is the most flexible if not the most expensive way to fill in the holes likely to be left by the interrogatory answers. But consider Rule 31 first. Far cheaper. Far less time consuming. And, given the fact that the witness had the questions in advance, the court is likely to be sympathetic with obviously evasive or incomplete answers.

#### ***You May Be Able To Avoid A Live Deposition***

You should also consider the possibility, when you receive a deposition notice, that you have grounds to seek to have the deposition converted to Rule 31. Ordinarily, a party is free to choose its method of discovery. *Richardson v. Sugg*, 220 F.R.D. 343 (D. Ark. 2004). However, upon a showing of good cause, a court may alter the manner or place of discovery as it deems appropriate. *Colonial Capital Co. v. General Motors Corp.*,

29 F.R.D. 514, 518 (D. Conn. 1961).

In *In re Arthur Treacher's Franchisee Litigation*, 92 F.R.D. 429 (E.D. Pa., 1981), acrimonious litigation led the plaintiff to file a notice of deposition on defense counsel. The court denied a motion for a protective order to quash the deposition. But “to reveal any problems of privilege” and, hopefully, “to avoid the potential flare-up of tempers . . . which would probably result from a direct oral confrontation of these advocates in this unusual setting,” the court ordered that the deposition proceed under Rule 31, noting that “judges should not hesitate to exercise appropriate control over the discovery process.”

In *Mulvey v. Chrysler Corp.*, 106 F.R.D. 364 (D.R.I. 1985) the plaintiff sought to depose Chrysler's Chairman Lee Iacocca. The court ordered, after seeing an affidavit from Mr. Iacocca attesting a total lack of personal knowledge of relevant facts, that plaintiffs be relegated, at least in the first instance, to Rule 31. In *Alexander v. FBI*, 186 F.R.D. 1 (D.D.C. 1998) the court ordered that noticed depositions of White House staffers proceed by Rule 31. This is not to say that all persons in high places can use Rule 31 as a get-out-of-deposition free card. In *Travelers Rental Co. v. Ford Motor Co.*, 116 F.R.D. 140 (D. Mass. 1987) four senior Ford officers lost their bid to avoid Rule 30 depositions where they simply asserted a lack of recollection as opposed to, ala the Iacocca case, a lack of knowledge. Where the issue was recollection versus knowledge, the court reasoned, the plaintiff has the right to probe with live questioning.

#### ***We Have Choices***

We have choices. The zen of choices is best articulated by Dave Berry, who observes: “If a woman has a choice between catching a fly ball and saving an infant's life, she will choose to save the infant's life without even considering if there are men on base.”

We realize only half of our readers (the half who like baseball) will appreciate the thought – but the point is, when you have choices, you need to consider all the bases.

# DISCOVERY

## Acid Test

By **Jerold S. Solovy**  
and **Robert L. Byman**



Acid test. The term was coined, as you no doubt know, during the California Gold Rush, when sulfuric acid was applied to yellow ore. If it turned blue, what you had was copper (it had become copper sulfate); if it remained unchanged, you had gold, you had passed the acid test. With sulfuric acid, you could verify gold. And now, thanks to sulfuric acid and an industrious Magistrate Judge, there is gold aplenty.

In late August and early September 2005, Judge Jeffrey Cole issued four separate opinions in the *Sulfuric Acid Antitrust Litigation* that clarify and articulate important – critically important – lessons for the conduct of discovery. You should read the opinions themselves, of course, but with apologies to Judge Cole, whose prose is far better but a bit longer than ours, we offer here the Readers' Digest version.

### *Acid Test #1 – You Need Leave to Notice A Second 30(b)(6) Deposition*

The defendants took a 30(b)(6) deposition on seven enumerated topics. After the deposition was concluded, and after a Second Amended Complaint had been filed, the

defendants served a notice for another 30(b)(6) deposition on seven new enumerated topics which, it claimed, were necessary in light of the amended complaint. Plaintiffs refused to honor the notice; defendants moved to compel.

Ah, but the court found the motion to compel unconvincing. See, the problem is that F.R.Civ.P. 30(a)(2)(B) does not allow a party to notice a deposition of a person who “has already been deposed in the case.” There had already been a deposition of the corporate person, so the new notice – issued without prior leave of court – was invalid, and the motion to compel performance denied.

Now we have to read a bit between the lines here. The motion was denied because the notice was invalid. But there is no discussion on the merits – that is, whether the Court would have granted leave for an additional deposition if leave had been sought. We suspect that is because the plaintiffs never made a case for themselves on the substance. Apparently, they argued that that they had no obligation to obtain leave of court because, in their view, Rule 30(a)(2)(B) does not apply to Rule 30(b)(6) depositions, especially where

the second deposition relates to different topics than the first. And, apparently, they asked the Court to focus on the language of Rule 30(a)(2)(B), which is that leave “shall be granted to the extent consistent with the principles stated in rule 26(b)(2).”

Not good enough. The plain language of Rule 30 is that it applies to all Rule 30 and 31 depositions, including, of course, Rule 30(b)(6) depositions. And the “shall” language still requires that leave be *sought* so that the Court, not self-serving counsel, can make the determination that a second deposition serves the purposes of Rule 26. As to actual substance, it appears that defendants simply made the conclusory assertion that the amended complaint justified a new deposition. Not even close to good enough. “It is no answer to say that where there has been an amendment to a complaint, discovery is often allowed. ‘General propositions do not decide concrete cases,’ *Lochner v. New York*, 198 U.S. 45, 76, 49 L. Ed. 937, 25 S. Ct. 539 (1905).” *In re Sulfuric Acid Antitrust Litig.*, 2005 U.S. Dist. LEXIS 17420, \*8 (N.D. Ill., Aug. 19, 2005).

So here’s the gold, Golden Nugget #1: When you list your

topics for a 30(b)(6) deposition, don’t assume you can always go back with new topics. A representative deposition is no different than a personal one, where if you forget to ask a question, you probably will not get a second chance. And if you want to try for that second bite, *ask the Court, and provide the Court with legitimate justification.*

### *Acid Test #2 – Timely Serve Notices*

We’ve done it. You probably have too. The discovery cutoff date looms. Two weeks before the deadline, you issue a notice, requiring a deponent to appear at your office the day before the cutoff. 10 business days notice. Plenty of time. Um, maybe not.

The *Sulfuric Acid* plaintiffs served notices 10 business days in advance, with the noticed dates falling just inside the cutoff date. Now, there were a few complications. The witnesses were Canadian citizens residing in Toronto. Plaintiffs had known about them since, well, since sulfuric acid was still called oil of vitriol. The case involves more parties than a college fraternity system and enough lawyers to ensure that no opinion in the

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case starts until well into the second page. F.R.Civ.P. 30(b)(1) requires "reasonable notice." The Court conceded that 10 business days' notice would seem reasonable as a general proposition. But – and, oh, is this a huge but: "just as negligence in the air does not exist, neither does reasonableness: the analysis is necessarily case-specific and fact-intensive. What would be reasonable even in a late stage of a relatively simple case with few lawyers may take on a very different cast where, as here, the case is exceedingly complex, the depositions are to occur virtually hours before the discovery cut-off, and it was obvious - or at least probable - that the schedules of the deponents and a number of lawyers would be unable to accommodate the belatedly filed notices." On these facts, the Court found the notices were *not* reasonable. The notices were invalid; depositions denied. *In re Sulfuric Acid Antitrust Litig.*, 2005 U.S. Dist. LEXIS 19352, \*20-21 (N.D. Ill., Aug. 26, 2005).

Bummer. Golden Nugget #2: What is reasonable in general may not be reasonable on the specific facts of your case; don't count on being able to take discovery you try to squeeze in just before the bell.

### ***Acid Test #3 – Make Timely Motions***

You don't, of course, want to bother the Court with discovery motions. You want to try to work things out with opposing counsel if you can; you want to be sure that the dispute is worth taking to the judge; you want to present as many of those issues as possible in a single motion rather than pester the Court with a series of motions. So

there is an inclination to wait until near the end of discovery to bundle up all of those issues. Maybe not such a good idea.

Plaintiffs filed motions to compel on the date that discovery was to close. Defendants objected that the motions were untimely. The Court agreed. Judge Cole nicely summed up the issue: "The Federal Rules of Civil Procedure place no prescribed time limit on the outside date for filing a motion to compel discovery. In one regard, however, a line of sorts has been sketched by a series of decisions: motions to compel filed after the close of discovery are almost always deemed untimely. *Packman v. Chicago Tribune Co.*, 267 F.3d 628, 647 (7th Cir. 2001). Greater uncertainty occurs where the motion is made very close to the discovery cut-off date. Some districts by local rule have imposed time limits within which motions to compel must be brought. See, e.g. *United States ex. rel. Becker v. Westinghouse Savannah River Co.*, 305 F.3d 284, 290 (4th Cir. 2002)(Local Rule 37.01 of the District of South Carolina requires that motions to compel must be filed within 20 days after receipt of the discovery response); *Sonnino v. University Kansas Hospital Authority*, 220 F.R.D. 633, 636 (D.Kan. 2004) [\*4] (Local Rule 37.1(b) of the District of Kansas requires that the motion to compel be filed within 30 days after receipt of the discovery response). Most, however, have no such rules, and the matter is left to the broad discretion possessed by the district courts to control discovery."

So, Judge Cole proceeded to use his broad discretion. Defendants had objected to discovery because there was a

pending motion to dismiss, thus granting themselves a stay. Plaintiffs could have, of course, moved to compel right away, but they chose to wait. They waited too long. Too bad. Motion denied as untimely.

Golden Nugget #3: Judge Cole said it better than we could: "Throughout the range of the law, there are time limits imposed on litigants at every stage of the case: some are mandatory and admit of no deviations; others are more flexible. But in each instance, lawyers who do not pay heed to them do so at substantial peril to their and their clients' interests." *In re Sulfuric Acid Antitrust Litig.*, 2005 U.S. Dist. LEXIS 19116, \*2 (N.D. Ill., Sept. 6, 2005).

### ***Acid Test #4 – The Limits Are Limits***

And finally, our favorite. Limits are limits.

By agreement, the parties allowed a witness to be deposed for 17 hours, well in excess of the 7 hour presumptive limit imposed in the 2000 amendments to Rule 30(d)(2). But plaintiffs wanted another 4 hours, for a topic that only this witness could provide: the deciphering of 50 pages of his handwritten notes. Maybe he was swayed by the fact that plaintiffs had already treated themselves to an extra 10 hours, but nothing in Judge Cole's opinion indicates that he would have granted the motion for more time even if there had not been enough time to cover all subjects in a 7 hour deposition. The point, Judge Cole cogently points out, is that a limit perforce means that choices may have to be made, that there may not be time to do everything: "In every deposition, choices have to be made about the subject matter to be covered. The 7-hour rule

necessitates, especially in complex cases, that almost all depositions will be under-inclusive. The examiner therefore, must be selective and carefully decide how to apportion her time."

This is not a radical concept. As Judge Cole notes, the rules are replete with limits that require lawyers to make choices, that restrict their ability to do every possible thing: "The decision of what to ask at a deposition is no different than the decision of what to include in a brief in a court of appeals or the Supreme Court. There, one is limited by word count, making it impossible to include every argument one desires and to say as much about each argument at one perhaps would like. The content of a deposition is constrained by temporal limitations, but they are no less constricting." *In re Sulfuric Acid Antitrust Litig.*, 2005 U.S. Dist. LEXIS 19352, \*16 (N.D. Ill., Sept. 7, 2005).

Golden Nugget #4: You may talk a Court into some extra hours, but it is not your Rule-given right to ask every question that occurs to you. Exercise judgment. Assume that you are limited by limits.

"If you obey all of the rules, you miss all of the fun." (Katherine Hepburn) True enough. But if you don't heed the wisdom of these acid tests, you will miss more than fun.

# DISCOVERY

## Pooh on Self-Help

By Jerold S. Solovy  
and Robert L. Byman



"The fact is," said Rabbit, "you're stuck."

"It all comes," said Pooh crossly, "of not having front doors big enough."

Having arrived uninvited into Rabbit's home through a rather unconventional mode of ingress, Pooh found himself in a terribly tight spot; he was stuck and could not get out. It is a tale for the ages. Oh, not *Winnie the Pooh*; we are talking about folks who try to get in front by using back doors.

### *We're Going To Disney World*

Stephen Slesinger, Inc., owner of the North American rights to the Winnie the Pooh characters and works, sued its licensee Walt Disney Company over Disney's accounting of royalties. The stakes are enormous. Slesinger claimed it had been shorted by hundreds of millions; it sought those amounts in damages, plus termination of Disney's future honey pot, its on-going license. And from the look of things, Slesinger had Disney on the run. Until, that is, Slesinger decided to indulge in a bit of self-help. As a result of Slesinger's off-the-rules, self-help discovery, the trial court

imposed terminating sanctions. Case dismissed.

Now, the case is on appeal. Anything can still happen. Oh, but what a story so far.

By late 2002, Slesinger had scored what looked to be a critical blow against Disney. After the suit had been filed, Disney destroyed a substantial number of documents from the files of its principal license negotiator, Vincent Jefferds. After a series of hearings, the trial court concluded that "a jury could conclude that Disney's destruction of Jefferds' files was done willfully or that Disney willfully suppressed evidence." The court further found that Disney had misused the pretrial discovery process by destroying evidence, by making false and evasive responses to discovery, and by unduly delaying notification about the records destruction.

The court found the document destruction was, at least, gross negligence. The jury would be told about the destruction and could consider whether Disney willfully suppressed evidence. The court further ordered that certain representations alleged by Slesinger "shall be deemed to have been made." And Disney was prohibited from introducing evidence disputing

Slesinger's version of statements attributed to Jefferds. Wow.

**"Did you ever see such rain, Pooh?" And Pooh said "Isn't it awful, Piglet?"**

Disney's appeal from the trial court's sanction order was dismissed, not on the merits, but rather on procedural grounds. *Stephen Slesinger, Inc., v. The Walt Disney Company*, 2002 Cal. App. Unpub. Lexis 10746 (2d Dist. 2002). Disney would have a future right to challenge the order, but not until after the jury had decided the case in the context of all those nagging little adverse inferences.

But then Slesinger, like Pooh unable to resist honey, decided to help itself to more. Slesinger hired a private investigator, Terry Sands, "to surreptitiously procure Disney documents outside the regular discovery process." *Stephen Slesinger, Inc., v. The Walt Disney Company*, 2004 WL 612818 (Cal. Superior 2004). Sands snuck onto Disney property, at multiple locations on multiple occasions, and helped himself to bagfuls of documents from Disney's trash.

Dumpster diving. When we wrote about it in 1998

("Inadvertent Production," *National Law Journal* December 21, 1998), there were essentially two reported cases on the subject of whether a party could properly obtain and use otherwise privileged documents by trespassing to rifle through an opponent's garbage. In *Suburban Sew 'N Sweep, Inc. v. Swiss-Bernina, Inc.*, 91 F.R.D. 254 (N. D. Ill. 1981), Suburban came onto Swiss-Bernina's property without permission and extracted privileged documents from the dumpster. The magistrate ordered the documents returned, but the district judge reversed, finding that the failure to take better precautions constituted a waiver of the privilege. If the court was concerned about the trespass, it left those concerns unvoiced.

A different result was reached in *McCafferty's, Inc. v. Bank of Glen Burnie*, 179 F.R.D. 163 (D. Md. 1998); while Swiss-Bernina had discarded its documents whole, the Bank had ripped its trash into pieces; from that, the court found both an intention to keep the materials confidential and the exercise of reasonable precautions to do so.

Sparse as this body of law seemed to us in 1998, it

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somehow seems even thinner seven years later. The *Slesinger* court cites neither of these cases -- nor any others; the only authority it relies upon are a couple of cases establishing a court's inherent power to sanction misbehavior.

**"Pooh," Christopher Robin said, "Where did you find that pole?" Pooh looked at the pole in his hands. "I just found it," he said. "I thought it ought to be useful. I just picked it up."**

Come on. This was not a stick-up. There was no breaking and entering; no animals, real or fictional, were hurt in the production. Slesinger simply rooted around in the garbage, found some things Disney had thrown away, and picked them up, thinking they might be useful. Disney had already engaged in document destruction the court found to be gross negligence at best, intentional at worst. Disney was found to have made false and misleading discovery responses. Disney was found to have unduly delayed disclosing its improper document destruction. Can you blame Slesinger for engaging in a little self-help to ensure that it was getting full discovery?

Well, yeah, you betcha. Now -- did we mention we weren't there, we don't have the trial court's perspective? But then neither was the appellate court. They, like we, will have to defer to the trial court's read of the demeanor of the witnesses. And if you read the trial court's opinion, it becomes clear that his read on Slesinger's investigator was something midway between unbelievable and scumbag. Sands admitted trespassing at one location, but then argued that it was the only location; the court found that he lied and trespassed at multiple locations.

One wonders who came up with the defense "I broke the law at one place, not three" but there it is. The court found that "Mr. Sands does not impress the Court as a person who considers himself constrained by trespass laws."

Sands' dumpster dives netted substantial numbers of documents, mostly privileged and highly sensitive, such as counsel's analysis of the litigation and potential outcomes. Slesinger widely circulated the privileged documents among the company and its lawyers. The court found that "conduct of this sort strikes at the heart of the judicial process." And it found that no sanction less than dismissal of Slesinger's complaint was appropriate. There was no way, thank the court, to erase the forbidden knowledge Slesinger had gained from the widespread dissemination of Disney's darkest secrets.

Now there must be, there is, more relevant authority. With hundreds of millions at stake, we would wager that the appellate briefs (which we haven't yet seen) will cite a whole bunch of cases. But the *Slesinger* court might, for example, have cited *Lipin v. Bender*, 644 N.E.2d 1300 (N.Y. 1994). Lipin accompanied her lawyer to a meeting at opposing counsel's offices and happened to sit down in front of a stack of documents which had been left on the table, a stack that included a privileged analysis of the case. Lipin helped herself to the documents, read them, took them home, gave them to her lawyers. The trial court dismissed Lipin's complaint as a sanction, holding: "the actions of the plaintiff and her attorney were so egregious . . ., so heinous that the only remedy, as much as I dislike to

do this, is to dismiss the lawsuit. Otherwise, there is no meaning to privilege, there is no meaning to conduct among attorneys, and there is no rule of law." *Id.* at 1302.

Lipin's conduct, of course, seems to register a bit higher on the egregiometer than Slesinger's; she wasn't trespassing, but she flat out stole privileged documents from an attorney's office which had not been and were not intended to be discarded.

In a case falling somewhere between outright theft and rummaging through garbage, the court paid homage to the proposition that improper self-help conduct justifies significant sanctions -- but declined to impose them. *Fayemi v. Hambrecht & Quist, Inc.*, 174 F.R.D. 319, 325-326 (S.D.N.Y. 1997). Fayemi entered his supervisor's office on a Sunday, turned on the computer, and printed out documents that he took home. But Fayemi was lucky. His salvation from sin was that the documents he purloined weren't privileged and would have to be produced in discovery anyway. So while the court found that Fayemi's conduct was wrong, it decided upon a lesser sanction -- preclusion from using the versions of the documents improperly obtained -- that is, no real sanction at all. The distinction seems to be that improper conduct to obtain already discoverable material is not as big a deal as if the same misconduct nets otherwise forbidden fruit.

So where are we? *Slesinger* may be unique on its facts. But what is not unique is that courts are becoming less likely to condone improper conduct. The ends do not justify the means. By all means, be creative in developing your case. But do

not engage in self-help that constitutes improper or illegal behavior. Or, like Pooh, you may find "'I have been foolish and deluded,' said he, 'and I am a bear of no brain at all.'"

## DISCOVERY

## 30(b)(6) – Time To Fix It?

By Jerold S. Solovy  
and Robert L. Byman



It ain't entirely broke; but it may nevertheless be time to fix it. Rule 30(b)(6) is being considered by the Judicial Conference Advisory Committee for possible amendment, because, as noted by the Committee's Reporter, Professor Richard Marcus, "recent scholarship suggests that the Rule can be misused to impose unfair burdens on responding parties." Misused? Terrible. But Wait – Ohmygosh! they're talking about us!

Among that recent scholarship is an Alabama Law Review article which begins with a reference to our October 1998 column on Rule 30(b)(6) which, say the authors, "illustrates the dangers" of misuse of the Rule. We posited that Rule 30(b)(6) should be *binding* on the entity, a notion the Law Review authors think "highlight[s] the mischief that a misguided reading of Rule 30(b)(6) may engender." 50 *Ala. L. Rev.* 651, 652 (1999).

Whew! Holy Misguided Mischief, Batman! We didn't respond at the time because, well, the real reason is that our subscription to the Alabama Law Review had just run out and we missed the article, but also because the NLJ allots 1650 words per column and the

article runs 44882 words; and we don't think it's fair to ask folks to respond to simple ideas when they need so many words to express themselves. But the Advisory Committee's recent interest impels us to action.

We are reminded of the outrage in the 1970's when RICO statutes began to be used against commercial entities. It was a misuse of the RICO statute, some claimed, to thus apply RICO, since the statute was intended to apply to criminal activity. Agreeing, the Second Circuit implied a requirement into the statute that there had to be a prior criminal conviction of a predicate act before a civil RICO suit could be brought. The Supreme Court reversed. In *Sedima v. Imrex Co.*, 473 U.S. 479 (U.S. 1985), the Court acknowledged the "initial dormancy" of RICO "and its recent greatly increased utilization" against commercial enterprises. *Id.* at 481. "It is true that private civil actions under the statute are being brought almost solely against [legitimate enterprises], rather than against the archetypal, intimidating mobster. Yet this defect -- if defect it is -- is inherent in the statute as written, and its correction must lie with Congress." *Id.* at 499. One

side's "use" is often characterized by the other as "misuse." It was no misuse of the statute to use it as written. And we stand by our 1998 column, which simply advocated that we ought to use Rule 30(b)(6) as written and as interpreted by the courts.

But our prides aside, the issue for today is whether the Rule is broke and needs to be fixed; or, if not needs to be, ought to be. We want to raise a suggestion or two for you to think about.

#### *Is 30(b)(6) Testimony Binding? Should It Be?*

Rule 30(b)(6) was adopted to avoid "bandying" – the process by which successive corporate agents each disclaim knowledge of facts someone within the entity ought to know. The idea was to force the entity to give a usable answer; and it was considered no more burdensome upon the entity to do so than to answer interrogatories. *Hanley v. Woodward & Lothrop, Inc.*, 330 F.2d 940, 944 (4<sup>th</sup> Cir. 1964); *Advisory Committee Notes* (1970).

Rule 30(b)(6) does not use the word "binding," but case law has to various degrees engrafted that concept.

*Reilly v. Netwest Mkts. Group, Inc.*, 181 F.3d 253, 268 (2d Cir. 1999), states that Rule 30(b)(6) requires the corporate deponent to give "complete, knowledgeable and binding answers." The Second Circuit did not define "binding," but a number of courts have used the word in its most binding sense. See e.g., *In re Metoprolol Succinate Patent Litig.*, 2006 U.S. Dist. LEXIS 1328 (D. Mo. 2006), where, citing *Reilly*, the court held that 30(b)(6) testimony cannot be contradicted by contrary sworn testimony. Likewise, *Rainey v. American Forest & Paper Assoc.*, 26 F. Supp. 2d 82, 95 (D.D.C. 1998), refused to consider, in the context of summary judgment, affidavits that contradicted 30(b)(6) testimony.

The Seventh Circuit, on the other hand, while acknowledging the *Rainey* line of cases, holds that a Rule 30(b)(6) deposition is no more binding than any other deposition and does not constitute a judicial admission. *A.I. Credit Corp. v. Legion Ins. Co.*, 265 F.3d 630, 637 (7<sup>th</sup> Cir. 2001).

Is a 30(b)(6) deposition actually binding or only somewhat binding? The Rule can be – and has been --



interpreted both ways. It is a substantial and persuasive argument to suggest that a Rule 30(b)(6) deposition ought to be no different than the deposition of an individual. It binds the deponent in the sense that deviations at trial will be made at the peril of impeachment. But while that is a credible position, the contrary position, that a representative deposition is different and should be treated differently, is equally compelling. When an individual says different things on different occasions under oath, the impeachment value is real. But when two different individuals who are spokespersons for the same entity say two different things, the effect is far different. "I know I said the light was green at my deposition, but I now remember it was red" is a cross-examiner's dream when spoken by an individual. But when a trial witness says "I know Mr. Smith said the light was green, but this is a big company with a lot of people and Mr. Smith just got it wrong; I, Mr. Wright, have looked very carefully at our corporate records and have spoken with all of our people, and I can now say with conviction that the light was red" makes for a far less valuable bit of drama.

### ***The Duty/Right To Supplement***

If 30(b)(6) depositions are *not* binding, what is the point of taking them? What is the point of the Rule? We think they ought to be binding. Yet if they *are* binding, how do we avoid the potential for unfairness? The problem with a binding rule is the burden that it places on the corporate entity to get it right when it testifies. But that burden can be ameliorated by

having clear procedures in place for the corporation to reflect and amend. Rule 26(e) already sort-of provides that mechanism, but it should be clarified.

If a corporate entity learns, after answering an interrogatory, that its answer is wrong or incomplete, it has the duty/right to supplement. We say "duty/right" because, even though Rule 26 speaks of duties rather than rights, it is in fact both. It is a duty to give accurate information; but it is also an opportunity to correct earlier missteps and avoid the impact of impeachment.

We have no problem with the binding nature of interrogatory answers for the simple reason that the process allows for reflection, dissemination within the entity to obtain the collective input of the organization, and the opportunity to correct erroneous answers. We are troubled with the binding nature of representative depositions because the single spokesperson does not in real time at the deposition have access to all resources and may, no matter how well prepared, be unable to accurately synthesize the facts. But with a procedure in place for the entity to review – and to correct and supplement -- those problems can be eliminated.

So we suggest that Rule 26(e) and Rule 30(b)(6) should be amended to provide some period of time to amend or supplement testimony before it becomes binding. And, when there is newly discovered information which was not reasonably known to the corporation at the time of the deposition or supplement period, that new information should provide an acceptable basis to supplement previous testimony.

A review process would take some of the terror out of the preparation process, but it should not be allowed to serve as a substitute for adequate preparation; otherwise a 30(b)(6) deposition would become an exercise in which every answer to every question would be "I'll have to get back to you on that." The right/duty to supplement should be just that – a supplement.

With these safeguards in place, we believe that Rule 30(b)(6) depositions should be binding to the same degree and extent as a sworn interrogatory answer or responses to requests for admission.

### ***Work Product and Privilege***

In a typical deposition of an individual, materials used to refresh recollection are discoverable, and an otherwise privileged document used in preparation may lose its privilege. *See, e.g., Lawson v. United States*, 1998 WL 312239 (S.D.N.Y. 1998). The reason is that it fair game to explore how a fact witness came by his recollection. But a Rule 30(b)(6) deposition is not the recollection, refreshed or otherwise, of an individual who speaks, but rather the articulation of the collective knowledge of the company. When a spokesperson for an entity uses a privileged document in order to articulate the position of the company, it is no different than when an attorney uses privileged information to craft an interrogatory answer or brief. There is no waiver of underlying privilege in making such statements, nor should there be. Persons propounding Rule 30(b)(6) depositions would get better prepared witnesses and better testimony, and entities responding to such discovery requests would find

it easier to prepare and give full testimony, if it were made clear that the witness is permitted to use – even have materials present to consult for reference -- to give complete responses. We suggest that the use of such materials should be affirmatively encouraged by Rule, by eliminating the fear of having to turn them over to the other side.

We have other thoughts – so many ideas, so few words to express them. But we would welcome – appreciate – your reactions about whether and how we ought to tinker with Rule 30(b)(6) – unless you would just rather submit them directly to some Law Review.

# DISCOVERY

## Grant Us Serenity

By Jerold S. Solovy  
and Robert L. Byman



Grant us the serenity to accept things which cannot be changed, the courage to change things which must be changed, and the wisdom to know which is which. Generally attributed to a 1932 sermon by the theologian Dr. Reinhold Niebuhr, variations of the "Serenity Prayer" are well known and well worn -- but not particularly well heeded. We continue to lack the wisdom to know the difference and so we continue to try to change what maybe cannot be.

On April 24, 2006, the Advisory Committee on Evidence Rules will hold hearings at Fordham University Law School on a proposal to adopt a new Federal Rule of Evidence 502. The Advisory Committee articulates that its major goal is to respond to the concern over the prohibitive costs of guarding against inadvertent disclosure, especially in cases involving electronic discovery.

This is a noble goal; no one can dispute that we should, if we can, change this thing, this terrible and inefficient cost of e-discovery. Ah, but there's the rub -- is this a thing that *can* be changed, or is the nature of the beast? Must we gather up the courage to act or the serenity to accept? We do not

profess wisdom greater nor even equal to the Advisory Committee. But since we cannot be there on April 24, we have some thoughts we would like to share.

This Rule might very well fix the problem, but it would do so by exacting a cost we believe is too dear. Moreover, this problem is, we think, one that is temporary, one that will ameliorate as we Luddites adapt to technology.

### *What's the Problem?*

Distinct from proposed Evidence Rule 502 -- and a year ahead of its timetable -- proposed revisions to Federal Rules of Civil Procedure 16, 26, 33, 34, and 37 which bear on e-discovery are already scheduled to become effective December 1, 2006. When those proposals were forwarded by the Judicial Conference Committee, it summed up the problem: "[E]fforts to guard against privilege waiver often become more acute when discovery of electronically stored information is sought. The volume of the information and the forms in which it is stored make privilege determinations more difficult and privilege review correspondingly more

expensive and time-consuming, yet less likely to detect all privileged information. Inadvertent production is increasingly likely to occur. Because the failure to screen out even one privileged item may result in an argument that there has been a waiver as to all other privileged materials related to the same subject matter, early attention to this problem is more important as electronic discovery becomes more common."

Forget spam. Let's say that the average business person receives and generates 50 work-related e-mails a day. A typical company in the mid range of the Fortune 500 has about 50,000 employees, so it generates roughly 2.5 million e-mails a day, maybe a billion per year. Now, that's daunting, but doable, as an electronic storage issue. The data can be maintained -- and therefore it can be produced in litigation. But how do you find and withhold the privileged stuff without manually reviewing it? With so much data, the cost of reviewing it for privilege is obscene; but the cost of not reviewing it is potential waiver of privilege.

Three distinct positions have been taken by courts reviewing inadvertent

disclosure of privileged material. Some courts apply a strict accountability approach. No matter how innocent or inadvertent, disclosure waives the privilege. *In re Sealed Case*, 877 F.2d 976 (D.C. Cir. 1989); *Ares-Serono, Inc. v. Organon Int'l B.V.*, 160 F.R.D. 1, 4 (D. Mass. 1994). Some apply a lenient approach. Disclosure, no matter how sloppy or negligent, does not waive the privilege. "[I]f we are serious about the attorney-client privilege and its relation to the client's welfare, we should require more than such negligence by counsel before the client can be deemed to have given up the privilege." *Mendenhall v. Barber-Greene Co.*, 531 F. Supp. 951, 955 (D. Ill. 1982); *Corey v. Norman, Hanson & DeTroy*, 1999 ME 196, 19 (Me. 1999). And other courts follow a middle approach, balancing the facts and circumstances of each case to determine whether a waiver should be found. "In our view, an analysis which permits the court to consider the circumstances surrounding a disclosure on a case-by-case basis is preferable to a per se rule . . ." *Allread v. Grenada*, 988 F.2d 1425, 1434 (5th Cir. 1993); *F.C. Cycles Inc. v.*

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FILA, 184 F.R.D. 64, 76 (D. Md. 1998).

### ***What's the Proposed Solution?***

The solution posed by the proposed Civil Procedure Rule amendments is to encourage the parties to reach an early, pre-discovery agreement on protocols for asserting privilege claims and claw-backs of inadvertently produced materials. The agreements would then be incorporated into a case-management order. The idea is that both sides will benefit from an order under which a party can produce electronic data without having to review the data for privilege, comfortable in the knowledge that privileged material can be retrieved once identified. The responding party is saved the expense of a privilege review; the requesting party is saved the time necessary to receive production and the potential that it will be asked to shoulder some or all of the cost.

Though the new Procedure Rules are not yet effective, many parties are already putting them into practice. "It has become increasingly common to see parties enter into agreements to disclose privileged materials provided the disclosure is not taken to entail waiver as to all privileged matters. Because courts will give effect to such agreements, the parties by contract, so to speak, can avoid the general rule that partial disclosure on a given subject matter will bring in its wake total disclosure." Edna Selan Epstein, *The Attorney-Client Privilege and the Work-Product Doctrine*, 287-88 (4th ed. 2001).

Ah, but there is a hole in the bucket. XYZ Corp. can agree with ABC Inc. that inadvertently produced

privileged documents will maintain their privilege, will be returned once discovered. And that agreement will be binding -- on XYZ and ABC. But not on the other six and a half billion persons who share our planet. In fact, these discovery agreements may make it even *easier* for non-parties to demonstrate waiver. Lulled by the protection of a claw-back agreement, the parties may not make any privilege review at all before making disclosure. In those jurisdictions that apply the balancing test, that look to the measures taken to guard against disclosure, the failure to do anything save enter into a private agreement may not weigh well in the balance.

When first proposed, the Civil Procedure Rule amendments took a flier at filling the hole with a claw-back provision, but that provision was dropped before transmittal to the Supreme Court for approval. It is back -- on steroids -- in proposed Evidence Rule 502.

Rule 502 has two major features. First, as to the general issue of inadvertent production, it resolves the conflict among the jurisdictions by imposing the balancing test. That, we think, is good. A single rule is better than three, and we agree that the balancing test is the best of the three. But second, the Rule provides that if the litigants memorialize their private agreement to dispense with a privilege review in an agreed court order, that order will preempt the substantive law of the 50 states and will bind all litigants in all proceedings, state or federal, without notice or an opportunity to be heard. That, we think, is unwise.

Put aside for a moment the Constitutional implications of whether the Commerce Clause is broad enough for

Congress to preempt the States on their substantive laws of privilege or whether there are Due Process concerns over depriving non-parties of their rights without notice. Well, no, don't put that aside -- that was just a rhetorical device for emphasis. These *are* important considerations, and the eventual cost of the inevitable litigation that will be engendered by them may well exceed the costs the Rule seeks to ameliorate. But here is the real point: As painful as is the current cost of privilege review in e-discovery, this is a temporary problem. We don't need major surgery; time will cure this problem.

### ***We Don't Need This Rule***

Your cell phone has more memory and more computing power than the on-board computers on the Apollo spacecraft that landed a man on the moon. The 2.5 pound, \$2000 laptop on which we composed this article has more memory and computing capacity than did ILLIAC II, the 5 ton, multimillion dollar supercomputer that went into service when we attended college. Technology is advancing at a rate we cannot imagine. But we don't have to imagine. The technology already exists to make the cost of performing a privilege review insignificant.

If a communication is privileged, it is so at the time, not in retrospect. Presumably, a lawyer is involved in some way in the communication. If a party truly believes that a communication is privileged and wants later to successfully assert the privilege, it is not much to ask that the communication somehow imbed that intent in its content. There doesn't need to be a Federal Rule -- we simply need

a Rule of good practice. Good lawyers should counsel their clients that they should identify privileged communications as such. We should all be on notice -- today -- that we must include, and instruct our clients to include, a unique symbol or term such as "privileged" or "\*\$!" or whatever in any privileged message. And when we do that, the electronic privileged stuff can be searched for and segregated with a few keystrokes at a cost close to nil.

It may or may not be wise, but we are serene with the current state of affairs. But exercise your own wisdom; if you find yourself in New York on April 24, drop by and share your views.

# DISCOVERY

## Made To Order

By Jerold S. Solovy  
and Robert L. Byman



There must have been an especially blue moon over Tampa a few weeks ago, when Judge Gregory A. Presnell fashioned an order of such rare and brilliant clarity to resolve the thorny discovery dispute before him. *Avista Management, Inc. v. Wausau Underwriters Ins. Co.*, No. 6:05-cv-1430-Orl-31JGG (June 6, 2006). Judge Presnell ordered the parties to resolve their dispute with a game of “rock, paper, scissors.” You go, judge.

Avista’s counsel noticed a corporate representative deposition under F.R.Civ.P. 30(b)(6), designating that the deposition be taken at a court reporter’s office located nine tenths of a mile away from the building in which both counsel office. Wausau’s counsel found that “not acceptable” and insisted that the deposition be taken at his office or not at all. Avista fired off a “Motion to Designate Location.” No creature of overstatement, Judge Presnell described the motion as “the latest in a series of Gordian knots that the parties have been unable to untangle without enlisting the assistance of the federal courts.” Series? The Pacer system lists more than 100

docket entries in the 9 months this case has pended before him since it was removed from state court. And if the judge surrendered a bit to sarcasm when he described as “Gordian” this petty little venue problem, well, duh -- did we mention that both counsel are housed in the same building, four floors apart? They couldn’t take an elevator ride without pestering the judge to decide up or down.

### ***A Winner-Take-All Game Of Rock, Paper, Scissors***

Did we mention that the court reporter’s office is within easy walking distance of their mutual office? Heady stuff, this dispute.

But if the dispute was petty, more so the rhetoric. We quote only one side, because we have from the public filings only one side’s correspondence, but it takes little imagination to suppose that comments like these were not entirely one-sided: “I have tried, and will continue to try, to treat you with courtesy. Meanwhile you have tried, and continue to try my patience.” “Apparently you think it is in your clients’ interest to create

as much misery and bad feeling as you are able. In these endeavors, you are most able.” The judge’s fingers must have been slimed with leftover drips of umbrage as he handled the papers.

Behave like children, be treated like children. The judge ordered counsel to appear at a specific time at a mutually agreeable (hah!) spot -- or, in the likely event that they could not agree, at the courthouse steps -- and, each accompanied by a paralegal to act as witness and second, face off in a single, winner-take-all game of rock, paper scissors. Winner gets to choose the location. And proclaim “Nah, nah na na nah na.” (That last bit wasn’t actually in the Order, but we like to read between the lines.)

Now, maybe there was one, but we don’t see a winner on this motion. Both counsel appear to have lost a bit of stature before the court. Both counsel will carry the baggage of this motion when they need to present some genuinely substantive issue down the litigation road. Both counsel probably wish they could have a do-over.

You all get the point. We probably do not need to

state the obvious. But the practice of law is an art which requires the exercise of judgment. And it is poor judgment to irritate judges. The lesson here is that we need to work with one another to keep the petty between ourselves; to save the judge for more becoming work. We suppose that you are free to waste your own time -- so long as you don’t violate the canons of ethics by billing for unproductive activities; and we can’t stop you from wasting your opponent’s time -- so long as you stay within the confines of Rule 11. But when you waste the court’s time, you make a grave mistake.

And while we are in Aesop mode, musing about morals, we happened to look at the 30(b)(6) notice and the Motion to Designate Location. There are more lessons to be learned here. We have written about these things before, but it appears that a refresher might be in order.

The notice as issued by Avista states that, under Rule 30(b)(6), Avista intends to take the deposition of a Wausau corporate representative and one “Wayne Klocko (individually

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and as Representative for Wausau)" on July 11-12, 2006; "Deponent will testify regarding items on Schedule A and individually." Schedule A contains 77 paragraphs, each of which begin "The person(s) most knowledgeable at WAUSAU UNDERWRITERS regarding . . . " Yet the only objection apparently raised by Wausau to this notice was the location. Whew. Where do we start?

In *Avista*, plaintiff's counsel picked the neutral location of the court reporter; defendant's counsel balked and insisted that the deposition be taken in his office. In his motion, plaintiff's counsel asserted that "courts have generally frowned upon the taking of depositions at the office of counsel for either party." For this "general" proposition, counsel cited a couple of pre-World War II New York state cases.

Let's read the rule. F.R.Civ.P. 30(b)(1) requires - and permits -- that the noticing party state the time and place of the deposition. For non-parties, of course, the place must be within the subpoena power of the court, that is, within 100 miles of the court in the district which issues the subpoena. For parties, "the examining party generally designates the location for the deposition of another party" but "a court may grant a protective order to . . . protect a party from 'undue burden or expense'." *O'Sullivan v. Rivera*, 229 F.R.D. 187, 189 (D.N.M. 2004). "In the absence of exceptional or unusual circumstances, when a deponent resides at a substantial distance from the deposing party's residence, the deposing party should be

required to take the deposition at a location in the vicinity in which the deponent resides, even if the deponent is a party." *Metrex Research Corp. v. United States*, 151 F.R.D. 122, 125 (D. Colo. 1993). But in *Tomingas v. Douglas Aircraft Co.*, 45 F.R.D. 94, 97 (S.D.N.Y. 1968), noting that the ultimate decision on location is solely within its discretion, the court ordered the defendant to produce two employees who lived and worked in California at plaintiff's counsel's offices in New York because "defendant is most able to bear the expense of the trip."

So there. There may be limits on the your right as the noticing party to pick the location, but if you get the city right, there is no problem with picking your own office.

*Avista's* notice was for two days. Let's read the Rule. F.R.Civ.P. 30(d)(2) limits all depositions -- including representative depositions -- to one day of seven hours. Of course, courts have discretion to extend the time for good cause shown; but the burden is on the examining party to make that showing. Now, the case law does not yet suggest a trend that the 7-hour, one day limit will be applied as strictly as, say, our border patrol standards, but the limit is there and courts do from time to time enforce or come close to enforcing it. *Beneville v. Pileggi*, 2004 U.S. Dist. LEXIS 13586 (D. Del. 2004) (additional time denied where examiner did not demonstrate good cause); *McDougal-Wilson v. Goodyear Tire & Rubber Co.*, 232 F.R.D. 246, 249 (E.D.N.C. 2005) (additional hour ample to take 30(b)(6) deposition); *Santos v. Boeing*

*Co.*, 2003 U.S. Dist. LEXIS 18736, 2-3 (N.D. Ill. 2003) (8 1/2 hours enough).

Maybe Wausau did not object to the two-day notice because it intends to play tit for tat. And we can't fault that possible reasoning but to take caution from the old limerick "There once was a lass who begat triplet sons, Nat Pat and Tat; it was fun in the breeding but not in the feeding; there was no tit for Tat." There is no tit for tat. When it is time for you to demonstrate good cause to exceed seven hours for your depositions, we doubt that a court will be swayed by "they did it to our witnesses." So object to notices that arrogate time in excess of the limits imposed to Rule.

#### ***A Difference Between Rules 30(B)(1) And 30(B)(6)***

*Avista* noticed one representative deposition but purported to require Wausau to proffer a named individual as the representative to testify both individually and as a representative. Did we mention that we ought to read the Rules? You can depose a specific individual by name or title. But you can't require the individual to do homework to learn about your proposed topics of interest. You can depose a representative and require the entity to educate the representative to testify about specific topics. But you can't dictate who the representative will be.

Pu-leaze. Read the Rule. The phrase "person most knowledgeable" does not appear in the Rule -- nor should it. The point is not to award a blue ribbon to an individual for knowing more facts than his co-workers. On a particular topic, the single most

knowledgeable person may not be very knowledgeable at all. Suppose A knows 10% of the story; B knows 5%; C knows 5%; and D-W each know 2%. Do you really want to talk to A? No, you want -- and the Rule requires -- the entity to cull the collective knowledge of A-W and offer up one or more representatives able to deliver the goods. It doesn't matter whether the representative is A or D or even X.

Frankly, we were never very good at rock, paper, scissors. Which is why we intend not to tempt fate. We intend to read and follow the Rule. And when we get into disputes with our opponents that must certainly be their faults (perish the thought it might be ours), we intend to save motion practice for something worthy of judicial decision.

# DISCOVERY

## Native Simplicity

By Jerold S. Solovy  
and Robert L. Byman



Albert Einstein posited that “Everything should be made as simple as possible . . . but not simpler.” So consider this simple question: when you seek electronic discovery, do you want all of the data or just some of it? The answer seems simple. Don’t you want production of electronic data in its most robust format, in the “native” format in which your adversary has created and maintained it? Maybe. But that simple answer simply may not work in every case.

As they exist today, the Federal Rules of Civil Procedure require and permit discovery of documents in only one of two forms: as they are maintained in the ordinary course of business; or organized and labeled to correspond to the categories requested. Short of Congressional intervention, the proposed amendments to the Rules due to become effective December 1, 2006 will specifically add “electronically stored information” as a category of things distinct from “documents” which can be requested under Rule 34; and, for the first time, the new rule will allow the requesting party to specify the form in which electronic information should be produced. Hard copy

printout? Native format? Conversion to some other file type?

The new rule will add an important new wrinkle to the responding party’s obligation -- production must be made “in a form or forms that are reasonably usable.”

Now that is a lolapalooza of a change. Suppose you serve document requests upon the ItsGreekToMe Company, which maintains all of its business records in, you guessed it, Greek. Under the current Rule 34, they comply with your requests by turning over the files as maintained in the ordinary course; translation is your problem. But electronic files -- those have to be “usable,” so it’s no big stretch to foresee that a court might put the translation on the producing party.

### *Electronic Files Are Often In A Foreign Language*

The proposed rule, of course, did not envision Greeks bearing documents. The real issue is that electronic files -- created by and for English speaking people -- are often maintained in a form that makes them unusable. Most companies, for example, store historical e-mails on backup

tapes which are useless unless the data they contain is restored. And the restoration process can be time and dollar consuming. So expect, under the new rule, that requesting parties will, for example, specify that they receive electronic data “in a form which maintains the integrity and the entirety of the data and metadata and is readable and searchable in Word or Excel.” Responding parties will balk, say that to do so would cost a fortune, and that the cost of conversion or restoration should be shifted to the requesting party. They will offer to produce the files as hard copy prints or static image files.

OK, Einstein, let’s keep it simple. Let’s say your adversary has but one responsive electronic file, a 5-page memorandum created and saved in Microsoft® Word; in its paperless office, no hard copies exist. How would you like it? Do you want a hard copy printed? Do you want it converted into a digital image file like a .tiff or .pdf file that can be loaded into your firm’s database software? Or do you want the Word file in its native format? Well, duh -- you want the Word file. If you have that, you can print all the copies you

want; and you get all the lovely metadata that is not available in any other form.

Metadata. We were greatly surprised that a LEXIS search of all Federal and State Court cases for the term yielded a mere 37 reported decisions, the large majority of which do not bother to define the term, since no definition appears necessary. We all know this word. From the Greek “meta,” meaning “over” and the Latin “data,” meaning, well, “data”, “metadata” means data about data. Um, maybe not. “Metadata” is actually the registered trademark of the Metadata Corporation. Legend has it that the company’s founder, Jack E. Myers, coined the term “metadata” in 1969, intentionally designing it to be a term with no particular meaning. The word Metadata® was registered in the US PTO in 1986.

Ken Withers of the Sedona Conference uses the term “non-apparent information,” which might be more accurate and certainly is safer from a trademark infringement perspective, but it’s a mouthful; and “metadata” has a nice ring to it. So we’re going to make fair use of the term.

And in the right case, you can make great use of

metadata. Earlier this year, the news was abuzz with reports that the New England Journal of Medicine had used simple Word functions to discover that an article submitted for publication by a major drug manufacturer had deleted from an earlier draft the revelation of a study linking its arthritis drug to an increased risk of heart attacks. If that doesn't bring a moist smile to a trial lawyer's dreams, what would? The reviewing and change tracking functions, not to mention the "undo" button, make any Word document a potential goldmine.

Even if there is nothing sinister about the process from draft to final document, the electronic file is potentially far more useful than its paper or image counterpart. Let's assume that the memo is not 5 pages but 5,000. You will read it twenty times, highlight your favorite passages on the paper copy. And at trial, something will come up that makes you want to find and focus on a particular word or phrase for cross that assumed significance during the direct examination which never occurred to you or your highlighter before. Fat chance of finding what you know is there buried in the 5,000 hard copy pages. But with the Word file, type in the word you need to find in the "Find" function and wallah. Paper is not searchable. Tiff files are not searchable. Pdf files are, supposedly, searchable, but not so much. Take our Word for it, Word files are good to have.

Let's say that the document is a spreadsheet rather than a memo. Do you want file in hard copy, image or the native Excel? Duh. Same search issues. But with the actual Excel file, you create endless possibilities. You can resort the data. You can verify -- or attack -- the formulae used

to calculate numbers. You can tweak numbers or formulae to adapt to changed facts or hypotheses.

But your opponent did not roll off a radish truck. You are not going to get the gold voluntarily. She will produce paper or .tiff files. If compelled to produce the native format files, she will scrub and block them. Programs such as iScrub<sup>®</sup> will neatly remove all metadata and revision history from a file. Even without special software, the Word and Excel programs allow you, with very little effort, to save a copy of a file that includes no prior history; and in Excel files, it is possible to hide data or lock data cells so that they cannot be viewed or manipulated.

Even with the existing Rule 34, courts have not been shy about addressing such maneuvers. In *Williams v. Sprint/United Management Co.*, 230 F.R.D. 640 (D. Kan. 2005), Sprint produced scrubbed and locked Word and Excel files. The Court acknowledged that the *Sedona Principles for Electronic Document Production* offered guidance in the form of Principle 9 ("absent a showing of special need and relevance a responding party should not be required to preserve, review, or produce deleted, shadowed, fragmented, or residual data or documents.") and 12 ("unless it is material to resolving the dispute, there is no obligation to preserve and produce metadata absent agreement of the parties or order of the court.") Guidance, but not where the court wanted to go. The metadata had to be produced; the locks unlocked: [W]hen a party is ordered to produce electronic documents as they are maintained in the ordinary course of business, the producing party should

produce the electronic documents with their metadata intact, unless that party timely objects to production of metadata, the parties agree that the metadata should not be produced, or the producing party requests a protective order. The initial burden with regard to the disclosure of the metadata would therefore be placed on the party to whom the request or order to produce is directed.

### *There Is No Simple Answer*

But if it seems from all of this that you ought always to ask for documents in native format with its full complement of metadata, well, whoa. There is no cookie cutter answer to this question -- there will be times when you want native format, times you do not; there will be times when metadata is helpful, times when it is not.

Your opponent may have electronic correspondence files that go back 10 years, created in WordPerfect and Word and whatever; it may have spreadsheets created in Lotus and Excel and whasisis; it may have database files for software from companies that no longer exist; it may have data designed to run on PC, Mac and Linux platforms. Do you really want native format? Unless you have all of that application and operating software, and unless you know how to use all of it, the files will not be usable.

Do you really want the metadata? Do you really want the ability to manipulate the data you receive? The problem with getting files you can manipulate is -- you can manipulate them. So when you go to use them at trial, how will you prove that the smoking gun electronic file you want to show the jury is the same file produced by the defendant?

Moreover, the mere act of requesting production of native files can result in the inadvertent alteration of those files. When the responding party opens the file to review it for possible privilege, that innocent act can alter metadata. It can also alter substance. For example, if a spreadsheet has an imbedded calculation that computes interest on some amount through the current date (using the "=TODAY()" function), the act of opening the file will re-compute the interest.

There is no single answer. Which is why the new rules will require a meet and confer at the outset of the litigation to discuss these issues. It's simple really. It sounds good to go native -- and it might be -- but not in all cases.

# DISCOVERY

## The Myth of the Seven Hour Limit

By Jerold S. Solovy  
and Robert L. Byman



Having invoked the Pirate Code's Right of Parlay -- guarantying safe passage -- our heroine is greatly surprised when Captain Barbossa says she cannot leave the ship: "The Code is more what you'd call "guidelines" than actual rules. Welcome aboard the Black Pearl [*Pirates of the Caribbean*]." At times, it seems the Federal Rules of Civil Procedure might have been written by pirates. There are rules to be found there to be sure, but by and large they are more what you'd call guidelines. And nowhere is that more so than the seven hour deposition limit in Rule 30(d)(2).

It certainly sounds like a rule: "Unless otherwise authorized by the court or stipulated by the parties, a deposition is limited to one day of seven hours." No ambiguity there. Limited to, not let's shoot for. Seven, not seven and a quarter. Clear. Solid. Ah, but then Jell-O is a clear solid. The Rule is a myth -- because its second sentence neatly takes away the certainty of the first: "The court must allow additional time consistent with Rule 26(b)(2) if needed for a fair examination . . ." Not may, must. So the deposition *must be limited to seven hours,*

but the court *must allow additional time* if needed for a fair examination.

### *Depositions Have Become To Trials What Kudzu is To Horticulture*

How many times does the solution become the problem?

At the 1876 Centennial Exposition in Philadelphia, the Japanese constructed a beautiful garden filled with native Japanese plants. The large leaves and sweet-smelling blooms of kudzu captured the imagination of American gardeners who began to use it extensively. During the Great Depression kudzu appeared to be the solution to a host of problems, as CCC workers planted huge amounts for forage and erosion control. But kudzu grows *too* well. The vines grow as much as a foot per day, covering anything they contact. The vines can -- and did -- destroy entire forests by preventing trees from getting sunlight. The USDA declared kudzu a weed in 1972.

Like kudzu, the deposition is not exactly part of our native heritage; the *Magna Carta* speaks nobly of juries of peers but is serenely silent about pretrial depositions. The deposition is a relatively recent

procedure introduced to address the problem of surprise and to make civil litigation more efficient; but in the hands of its abusers, it has grown like a weed into a weapon of litigation terrorism, as some litigants take endless depositions of every person with a pulse tangentially connected to the case.

### *We Need Limits On Depositions*

Prior to the 2000 amendments which gave us Rule 30(d)(2), there was no time limit and no indication that courts were disposed to infer one. In *Horsewood v. Kids "R" Us*, 1998 U.S. Dist. LEXIS 13108, 9-10 (D. Kan., 1998), Ms. Horsewood, having already suffered 7 1/2 hours of deposition, was noticed for further sessions to go "from day to day until completed"; she moved for a protective order seeking a limit of six additional hours. Motion denied. "The Federal Rules of Civil Procedure do not set any limit on the length of depositions."

Um, did we mention that Ms. Horsewood's case was an ADA action? Did it really take day after day after day to ask her to self-describe her

disability and her subjective belief that reasonable accommodations had not been made for it? Or is it possible that defendants were being defendants, preferring endless days of deposition to an end of the litigation?

"The Committee has been informed that overlong depositions can result in undue costs and delays in some circumstances," explained the Advisory Committee as the reason for the adoption of the seven hour limit in 2000. *Can* result in undue costs and delays? In *some* circumstances? No creature of overstatement, that Advisory Committee. We have been at, oh, roughly, 16 gazillion depositions. And except for the ones we took ourselves, every single one of them was way too long.

For some lawyers, it is unthinkable that they might go to trial without first having asked every possible question of every possible witness. It would be malpractice not to take every possible deposition, wouldn't it? We could not conceivably try a case properly without that pre-trial discovery, could we? Um, well, why not? In most arbitration forums, there is no absolute right to any, much less unlimited

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depositions. Yet those cases proceed just fine without them.

Here's the problem. Because we take depositions to discover what we don't know, we don't know what the right questions are and we must ask what later turn out to be unnecessary questions. Because we take depositions in a private conference room, we tend to be less concerned about asking limited and focused questions than we must be live before an audience of judge or jury. All of that is legitimate, a necessary evil of the process. But let's be real here. Some people -- not us, of course, not you, but some people -- take depositions for other reasons. If the reason is the same reason that dogs lick themselves -- simply because they can -- then those people need the discipline of limits. If the reason is to harass, to annoy, to shell the beach in anticipation of a settlement -- and let's face it, there are folks who make that a practice -- then those people need the restraint of limits. Limits are good. We need limits. Seven hours is enough; we should dig in our heels against giving up more time.

### ***Does Rule 30 Impose a Seven Hour Limit? Um, Not so Much***

But what does the seven hour rule really mean? Go on the record at 9 am, walk out with impunity at 4 pm? Not likely. Not hardly.

"A deposition is limited to one day of seven hours" leaves it ajar to argue that the clock simply runs from the first question to last. This is one of those cases where if your set of the Rules does not include the Advisory Committee Notes, it should. The Notes add clarity: "This limitation contemplates that there will be reasonable breaks during the day for lunch

and other reasons, and that the only time to be counted is the time occupied by the actual deposition." So we only count actual deposition time. But how carefully do we count? Can we stop at seven hours, comfortable that our opponent will have to push a boulder uphill to get more time?

Probably not. In *Moore v. CVS Corp.*, 2005 U.S. Dist. LEXIS 3798 (D. Va. 2005), Moore's deposition was adjourned without objection after one of two defendants had examined for 6 hours and 45 minutes. When the other defendant sought to resume the deposition and suggested another 4 hours, the plaintiff argued that the seven hour limit was absolute absent an extremely rigorous showing of good cause.

The court acknowledged that there are cases that suggest seven hours is a real limit. *Beneville v. Pileggi*, 2004 U.S. Dist. LEXIS 13586 (D. Del. 2004) and *Cardenas v. Prudential Ins. Co.*, 2003 U.S. Dist. LEXIS 9511, (D. Minn. 2003). But the court found that these cases were simply examples of failures by the movants to demonstrate good cause for additional time. "As the court's review of this case law shows, no court has construed the 2000 Advisory Committee notes as causing some profound change in the Rules requiring parties to use a stopwatch and immediately and finally adjourn a deposition after seven hours of testimony taken."

Nor did the *Moore* court think it necessary that there be an especially strong showing by the movant to extend the party beyond seven hours. Citing *Malec v. Trs. of Boston Coll.*, 208 F.R.D. 23, 24 (D. Mass. 2002), the court opined that "the better practice is for the deposition to go forward to

determine how much is able to be covered in the seven hours and, then, if additional time is needed, for counsel to stipulate to extend the deposition for a specific additional time period. If the parties cannot reach a stipulation, then Court intervention may be sought." The court focused not so much on imposing a burden on the movant to demonstrate a need for more time as it did on the failure of the respondent to work out an accommodation that would have resolved the dispute before it reached the court.

Remember that the second sentence of Rule 30(d)(2) requires that the court must allow additional time "if needed for a fair examination." The Rule imposes a neutral standard of fairness rather than a burden of persuasion on the movant. So the seven hour limit is a big fat myth. Seven hours is simply the point at which the parties should try to reach an accommodation over how much more time will be allowed; and if they can't agree, the court will do what is fair, without imposing a particularly strong showing of need.

### ***We Are Required To Accommodate, Not Limit***

Why are we not surprised that courts want accommodations rather than arguments over time limits? No peeking, now, but do you remember Rule 1? Litigators who know Rule 26 and 30 by heart often forget it all starts with Rule 1: "These rules . . . shall be construed and administered to secure the just, speedy, and inexpensive determination of every action."

So how do you think a Judge -- who does remember Rule 1 -- will construe an argument over whether the

deposition ought to go an hour past seven? To fight over your hour, you will force the judge to spend his own hour. Say twenty minutes to read the papers, twenty minutes to calm down, twenty minutes to fashion an order that essentially sends both lawyers to their rooms without supper. Just, speedy and inexpensive presumes that the parties will not waste their own and the Courts' time on trivia.

We wish the seven hour limit were a real rule. But it is not, and if you try to treat it as such you may have a problem. Aargh, me hearties. Think of it as more what you'd call a guideline.

# DISCOVERY

## Efficient Definitions

By Jerold S. Solovy  
and Robert L. Byman



Santa Claus, the Easter Bunny, a drunk and an efficient lawyer are walking together when they spot a \$100 bill on the pavement. Who gets the bill? Duh. the drunk, of course; the others are all mythical creatures, mere figments of the drunk's imagination.

### *Lawyers Are Too Often Afraid to Keep It Simple*

It's not our fault, of course. Efficiency is beaten out of us by fear, fear that we might overlook something by being simple and direct. We are afraid to paper a settlement with simple efficiency such as "in return for \$1000 Joe Client releases all claims against Dave Defendant." No, we timidly write a three page document in which Joe is "defined" in at least a full paragraph to mean, well, "Joe" of course -- but also as his parents, his offspring, born and unborn, his potential receiver in bankruptcy and the lady to whom he drops off his dry cleaning. "Release" might not be broad enough so we cautiously throw in "discharge and remise." And because we are brought to near paralysis by the thought of simply getting a release of "all claims," we define claim to

include "causes of action, accounts, contracts, damages, demands, suits, debts, sums of money, reckonings, bonds, bills, specialties, judgments, covenants, convents, widgets, nature preserves, controversies, promises, chits, chats, tits, tats, variances, dallies, agreements, trespasses, executions or other claims." Whew.

And nowhere is our fear of simplicity and efficiency more pronounced than when we propound or respond to discovery requests. We are pathologically unable to issue a request which simply says "produce all relevant documents." Instead, we preface our requests for production with six pages of definitions and instructions, defining every possible term. We do this, of course, because, in the immortal words of Pogo "I have met the enemy, and he is us." We know that our simple words, were we to dare to be simple, will be interpreted by a (gasp) lawyer, who will spin and twist those words unless we provide some sort of escape proof definition.

We voted for him, but there is no better explanation for why one lawyer cannot trust another lawyer to reasonably interpret simple language than when our commander and

lawyer in chief uttered the famous words "that depends on what your definition of is is."

So we can't, we think, simply ask for "documents" because our adversary (oh, the dastardly villain) will narrowly interpret the term to mean "nothing but pieces of 8 x 11.5 inch paper." Lest there be any confusion that we mean "document" when we use the word "document" we define "document" as "all writings or records of any kind, including but not limited to the original, any drafts, and all non-identical copies (whether different from the originals by reason of notation made on such copies or otherwise) of all correspondence, notes, letters, telegrams, telexes, memoranda, diaries, appointment calendars, books, reports, records, handwritten notes, working papers, statements, journals, work sheets, charts, plans, diagrams, sketches, brochures, pamphlets, manuals, microfilm, microfiche, pictures, slides, photographs, voice recordings, tapes, videotapes, films, newspapers, flyers, circulars, magazines, bulletins, contracts, proposals, communications, computer input and output material, facsimiles, electronic mail communications, and other items or communications

of any kind or description whatsoever, in your possession, custody or control."

Telegrams? Telexes? Well, we developed our forms over time. Each time we issue a new request for documents, each time we receive someone else's definition, we mine for new nuggets and add a word here and a word there to expand the definition. We always add; we never subtract lest we give something up. So what if the last telegram we received was on the occasion of our birth; we are going to include telegrams in our definition so that the sharpie on the other side can't use the omission to withhold a smoking telegram.

Pu-lease. Why can't we simply give someone a release without defining the term? Do we really think judges are so dense that they will not enforce a release because we haven't defined the word? Do we really think judges are so technical that they will look kindly on someone who failed to produce a telegram because the word telegram was not included in the definition of document?

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### ***We Can Be Sanctioned for Overbearing Definitions and Instructions***

It isn't just that the use of detailed definitions and instructions can become silly. Mindlessly adding definitions designed to be as broad as humanly possible can render otherwise reasonable requests impermissible and burdensome. In *Diversified Products Corp. v. SportsCenter Co.*, 42 F.R.D3 (D. Md. 1967), the defendant propounded interrogatories preceded by two pages of detailed definitions and instructions. The court held: Prefacing a long series of interrogatories by reasonable definitions may be helpful, avoiding tedious repetition. But the use of unreasonable "definitions" may render the interrogatories so burdensome to the answering party and to the Court, that objections to the entire series should be sustained *with sanctions*, whether or not an occasional interrogatory might be reasonable. *Id.* at 4. (Emphasis added.)

The *Diversified* court did not impose sanctions, even though it found that the definitions were in fact burdensome, presumably because in 1967 it was a fairly new proposition that a party could be sanctioned for engraving burdensome instructions into a discovery request. But in the 40 years since the *Diversified* opinion, there is no reported decision (at least that we could find) that actually sanctions someone for overbearing instructions and definitions.

Um, unless, that is, you consider that having your discovery requests quashed or ignored is a sort of a sanction. In *Larson v. Correct Craft, Inc.*, 2006 US DIST LEXIS 78028 (D. Fla. 2006), Larson

was not content to simply define documents somewhat broadly (we're paraphrasing here, but it was something along the lines of "'documents' shall mean any word contained in any edition of Roget's Thesaurus") but also added a series of instructions that purported to require, each time a document was identified in response to an interrogatory, the date of the document, its location, its author, its recipients, the employers of each of the persons named, the substance of the document, and the occasion for and the circumstances of the creation of the document. Too much, said the court. The interrogatories might have passed muster on their own, but gilded with overbearing definitions and instructions they became inappropriate and did not have to be answered.

In *Builders Ass'n of Greater Chicago v. City of Chicago*, 2001 US DIST Lexis 14076 (N.D. Ill. 2001), the Court quashed a subpoena because of overly broad definitions. Likewise, in *Calcor Space Facility v. Superior Court*, 53 Cal. App. 4<sup>th</sup> 216 (Cal. Ct. App. 1997), the court found that a six page set of definitions and instructions "is particularly obnoxious" and, while the court never determined whether or not the actual requests were reasonable, it quashed the discovery because the excessive use of definitions and instructions "in and of itself" rendered the requests unduly burdensome.

The use of overbearing instructions and definitions can also have real impact on whether you get answers, even where the requests are otherwise legitimate, because the definitions may be counted against limits. In *Larson, supra*, the court found that an

instruction in a set of interrogatories that required identification of documents relating to the answer makes each interrogatory two interrogatories, one for the facts and another for the documents. And that count put the number over the limit.

Our inefficiency is not limited to the propounding of requests. Faced with overbroad definitions and instructions in discovery requests – and even when the requests are themselves reasonable -- we more often than not compound the problem by responding with obfuscation. We start off with a general statement, before addressing individual requests, along the lines of "defendant objects to plaintiffs' Definitions and Instructions as being burdensome and oppressive, purporting to require actions not contemplated much less required by the Federal Rules of Civil Procedure, invading the attorney-client privilege and work product protections, and violating the Mann Act." Then, after each individual request we repeat the general objection (as if making the same objection twice makes it substantively better); and we add a further objection that the request calls for information not reasonably calculated to lead to the discovery of admissible evidence. And then we say "without waiving these objections, defendant will produce all non-privileged, relevant, responsive documents in its possession or control."

Objection! Oh, never mind, We'll produce anyway!

Huh? Why do we do that? Same answer. Fear. We are terrified to waive a privilege or an objection, so we say we are reserving our objections at the same time that we are producing (and, therefore, of course, waiving the objections). We cannot bring ourselves to

be simple – but we surely act simple.

### ***Our Overuse of Definitions and Instructions Is Laughable But No Joke***

Here's the thing about lawyer jokes: lawyers don't think they are funny; people who are not lawyers don't think they are jokes. But when we lawyers insist on defining simple terms to the point of exhaustion, we are the jokes. Why can't we keep things simple and efficient? By now, we all know what we mean when we ask for a "document." We don't really need page after page of definition. We know this, yet we are unable to snap our addiction to superfluous rhetoric.

So here is our idea. As soon as we get the troops home from Iraq, as soon as there is peace in the Mideast and a cure for HIV, we ought to be able to make discovery requests more simple and efficient. No, wait, we ought to be able to do that now. Let's agree that judges merely expect us to be reasonable in propounding discovery requests and in responding to them, and all the rest is just inefficient and unnecessary excess. Let's agree to stop defining terms that anyone with an eighth grade education already knows.

It's just that we aren't going to stop until you do.

# DISCOVERY

## Adding Injury To Insult

By Jerold S. Solovy  
and Robert L. Byman



"You, Mr. Churchill, are drunk." So the story goes, the Prime Minister eyed his antagonist carefully. "Well, madam, I suppose that is so. But in the morning, I shall be sober, while you will remain ugly."

The fine art of insult. We have all been there. We have taken depositions, we have defended depositions, where one side -- or both -- engage in insults, sometimes with calculation to test hot buttons, but more often simply as a byproduct of the heavy emotions that accompany the warfare of litigation. And because we are warriors, we will not back down when insults are hurled at us; we meet insult with rejoinder, tit-for-tat. Our opponent insists upon asking outrageous, insulting questions. Of course, we object, we speechify on the record, we question the educational and genealogical credentials of any one so base as to ask such stupid questions, and finally, when we can take no more, we instruct our witness not to answer. We have been provoked, and we have met insult with insult. Who can question that we have acted properly?

Um, well, the court can. And a recent Seventh Circuit

decision makes it clear that courts will not simply question -- they will sanction offending lawyers.

### *It Is Not Proper To Instruct a Witness Not To Answer*

*Redwood v. Dobson*, 2007 U.S. App. Lexis 2606 (7<sup>th</sup> Cir. February 7, 2007), did not exactly make new law, but it will almost certainly make waves. The law has pretty much always been that it is improper to instruct a deponent not to answer questions, no matter how outrageous the questions might be. But the *Redwood* court added teeth to that law by imposing personal disciplinary sanctions against all the lawyers, even those who the court found had been understandably provoked.

It is proper to instruct a witness not to answer a question which would reveal privileged information, since the privilege would be lost if the answer were given. See, e.g., *Mendenhall v. American Booksellers Ass'n*, 1990 U.S. Dist. LEXIS 5153, 3-6 (S.D.N.Y. 1990). But what about other objections? In *Prudential-LMI Commercial Ins. Co. v. Windmere Corp.*, 1995 U.S. Dist. LEXIS 1129, 3-6 (E.D. Pa. 1995), the court

found that there is a conflict of authority "concerning the propriety of instructing a witness not to answer where the basis of the objection is other than a claim of privilege." One view is that an attorney's instruction not to answer such questions "is highly improper: counsel's appropriate course of action is either to note the objection on the record and allow the answer or to move for a protective order pursuant to F.R.Civ.P. 30(d)." The other view is that "a deponent need not answer if the objection is that the question is irrelevant, argumentative, or misleading." The *Prudential* court opted for the second view, concluding that there is "no more need for a deponent to seek a protective order for every question when a dispute arises than there is need to seek a motion to compel an answer for each unanswered question."

Similarly, in *In re Folding Carton Antitrust Litigation*, 83 F.R.D. 132, 134-135 (N.D. Ill. 1979), the Court found that "refusals to answer properly came only with argumentative and misleading questions for which plaintiffs' attorneys insisted upon having answers to the point of harassment" and that the refusals "were also proper for questions . . .

previously asked and answered to the point of harassment."

But while *Prudential* and *Folding Carton* represent a different view, it is a trickle compared to the mainstream authority that refusals to answer are not proper. Numerous district courts and every Court of Appeals which has considered the subject have held that "if an attorney has an objection to the questions being asked of his client, he should place it on the record so that the evidence can be taken subject to such objection. If counsel believes that discovery procedures are being conducted in bad faith or abused in any manner, the appropriate action would be to present the matter to the court by motion under rule 30(d). It is highly improper, however, for an attorney to instruct a deponent not to answer non-privileged questions." *Howell v. Std. Motor Prods.*, 2001 U.S. Dist. LEXIS 5295, 7-10 (N.D. Tex. 2001) (citing *Resolution Trust Corp. v. Dabney*, 73 F.3d 262, 266 (10th Cir. 1995); *Eggleston v. Chicago Journeymen Plumbers' Local Union No. 130*, 657 F.2d 890, 902 (7th Cir. 1981); *Ralston Purina Co. v. McFarland*, 550 F.2d 967, 973 (4th Cir. 1977).)

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***It Is Highly Improper  
To Instruct, But The  
Consequences Have  
Not Been So High***

It is not simply improper to instruct a witness not to answer a non-privileged question, it is **highly** improper. Tsk, tsk. But highly improper or not, the consequences have not exactly been earthshaking. The *Howell* court, for example, found that the instructions were highly improper, especially because the deponent -- the plaintiff himself -- who refused to answer the questions had expired by the time the matter was brought to the court's attention. The court determined that an appropriate sanction would be to bar testimony on the subject matter of the unanswered questions, but since that subject matter did not affect any of the causes of action that had been asserted, it does not appear that the sanction had any real meaning.

In *Lapenna v. Upjohn Co.*, 110 F.R.D. 15, 19 (E.D. Pa. 1986), the court found that instructions not to answer were improper but "it would be a waste of time and effort for me to require a witness to answer a question that I find properly objectionable simply because counsel improperly instructed the witness not to answer." The only sanction imposed was the cost of re-deposing the witness via telephone for the few questions the court found to be proper.

In *Mendenhall v. American Booksellers Ass'n*, 1990 U.S. Dist. LEXIS 5153, 3-6 (S.D.N.Y. 1990), the court found that none of the objections which led to instructions and refusals not to answer had merit; the witness was ordered to answer all of the questions when the deposition was resumed. But the court imposed no sanction, not even

the cost of reopening the deposition. Similarly, in *In re Air Crash Disaster at Detroit Metro. Airport*, 130 F.R.D. 627, 629 (E.D. Mich. 1989), the court determined that counsel improperly instructed a witness not to answer questions but imposed no sanctions apart from ordering that the deposition be reconvened.

So, let's sum up the sum of the law as it existed pre-*Redwood*. The minority view is that instructions not to answer a non-privileged question are proper where the questions are harassing and insulting. The majority view is that such instructions are improper -- highly improper -- no matter how insulting. But under neither view was there much fallout for an improvident instruction. Enter *Redwood*.

***The Redwood Decision***

The Seventh Circuit began its opinion by modestly describing the litigation as "a grudge match." Harvey Welch represented Eric Redwood in a criminal prosecution for battery. After Redwood was convicted, he sought an affidavit from Welch confessing that Welch had supplied ineffective assistance. When Welch refused, Redwood, who is white, publicly insulted Welch, who is black, by calling him various names, including "shoe-shine boy." A public scuffle led to a civil battery suit by Redwood against Welch and a civil defamation suit by Welch against Redwood; Welch got the state's attorney's office to initiate a prosecution of Redwood for a hate crime. Redwood filed a §1983 action against Welch in Federal court. With us so far? Just typical litigation, eh?

When Redwood took the deposition of Gerstein, the attorney who had represented Welch in the state civil litigation, the substance hit the fan. Redwood's lawyer, Danner, began by grilling Gerstein about his so-called criminal record -- mostly vehicular violations. After 30 pages or so, Gerstein spontaneously refused to answer, and his lawyer, Webber, began instructing him not to answer. Danner moved on to Gerstein's disciplinary history, and whether he had been ordered to obtain psychiatric counseling or anger-management therapy. Webber instructed Gerstein not to answer. Finally, Danner asked "Mr. Gerstein, have you ever engaged in homosexual conduct?" Webber instructed. Webber and Gerstein conferred during a recess, after which Gerstein acquired amnesia and began playing word games with Danner's questions. Insult met with insult.

The Seventh Circuit found that "the provocation was clear." None of these questions, none of these areas of inquiry, were remotely relevant nor had the ability to lead to relevant evidence. The Seventh Circuit found that "Danner's conduct of this deposition was shameful."

Redwood had the temerity to seek sanctions for Gerstein's refusal to answer the questions, but the District Court refused to award any, finding that it was "ludicrous" for Redwood to argue that lawyers may not instruct witnesses not to answer harassing questions. Ah, but not so ludicrous to the Seventh Circuit. The Court of Appeals did not bother to reverse and remand; it simply imposed sanctions on its own. "Mutual enmity does not excuse the breakdown of decorum that occurred at Gerstein's

deposition. Instead of declaring a pox on both houses, the District Court should have used its authority to maintain standards of civility and professionalism." "The provocation was clear, but so was Webber's violation."

The Seventh Circuit sanctioned all three attorneys with a censure for conduct unbecoming a member of the bar. Censure. And the lawyer who reacted got the same sanction as the one who provoked.

***There is No Tit-For-Tat***

In honor of St. Patrick's Day, consider our favorite limerick: There once was a girl who begat, triplet sons -- Nat, Pat and Tat. It was fun in the breeding, but Hell in the feeding; there was no tit for Tat. Remember well. There is no tit-for-tat. No matter how large the insult, meeting it with reciprocal insult will only cause you injury.

# DISCOVERY

## E-Admissibility

By Jerold S. Solovy  
and Robert L. Byman



It was our first night in the suburbs, and we learned the hard way why raccoons wear masks as we surveyed the carnage they had made of our garbage. We were drilling eye hooks into the wall so that we could rope off and secure our garbage cans against further raids when a neighbor came up and asked "When you're done with all of that, will you still be able to get into your garbage cans?" "Of course," we said. "Then," our wise neighbor replied, "so will the raccoons."

Hackers are to computers what raccoons are to garbage cans. And the problem is that hackers don't limit themselves to taking stuff out, they also put garbage in. Because we know this -- because courts know this -- the admissibility of computer stored information can be a far more complex proposition than we might first think. During discovery, you assemble e-mails with all sorts of juicy facts, computer records from which you can easily compute damages, and copies of web pages from various sites which support your theory of the case. Your work is done; you are ready for trial. But are you? Will

you be able to get all of that great electronic material admitted at trial? The time to consider that question is now, while discovery is still open.

### *The Voodoo Internet*

In *St. Clair v. Johnny's Oyster & Shrimp, Inc.*, 706 F.Supp.2d 773 (S.D. Tex. 1999), the issue was who owned the ship on which Mr. St. Clair was injured; he sought to prove that by offering information taken from the United States Coast Guard Vessel Database website. We're talking United States Coast Guard here, not some schlock outfit. We're talking about a Vessel Database, maintained to support the Coast Guard's regularly conducted business activities. Pretty good evidence, huh? No, not even close. Finding the electronic evidence totally insufficient, Judge Samuel Kent observed that anything found on the Internet is "voodoo information" and "inherently untrustworthy" because "hackers can adulterate the content on any web-site from any location at any time."

Okay, that was 1999 and Al Gore had only invented the Internet a few short years

earlier. Surely Judge Kent must have become more comfortable with Internet evidence by 2007, right? Um, not so much. A few months ago, in *Diamond Offshore Servs. Co. v. Gulfmark Offshore, Inc.*, 2007 U.S. Dist. LEXIS 5483 (S.D. Tex. 2007), Judge Kent acknowledged that companies are increasingly utilizing the Internet, but no matter -- he still finds Internet evidence inherently untrustworthy.

### *A Gift From The Bench*

The fact is that most of us are easily seduced by the computer age into believing that electronic evidence is reliable, trustworthy and easily admissible. But electronic evidence brings unique baggage to the admissibility equation that we need to think through very carefully. In May 2007, Chief Magistrate Judge Paul Grimm did the heavy thinking and gave us the gift of an extensive, thorough tutorial on the admissibility of electronic evidence in *Lorraine v. Markle American Insurance Co.*, 2007 US Dist. LEXIS 33020 (D. Md. 2007). If you only read one case this year, make it *Lorraine*; we

can only scratch the surface here on the issues that Judge Grimm has so elegantly laid out for us.

In *Lorraine*, the parties had filed cross motions for summary judgment in a dispute involving \$36,000; both motions were supported with hard copies of e-mails. It does not appear that either party objected to the other's use of the e-mail, but Judge Grimm did. Because Rule 56 requires that summary judgment motions be supported with admissible evidence, Judge Grimm felt constrained to inquire on his own whether the proffered e-mails were in fact admissible. Concluding they were not, at least as they had been presented to him, he denied both motions without prejudice and, while the parties scrambled to settle their relatively small case before fees exceeded the amount at issue, Judge Grimm used the opportunity to issue a 101 page opinion which exhaustively sets out the admissibility problems of electronic evidence. We relate all of this for two reasons -- first to congratulate Judge Grimm for his fine work, and second to make the point that he is probably not

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the only judge who has been simmering, lurking, waiting for an opportunity to pounce on litigants who have not thought through these issues. So beware.

### *The Problem With E-Mail*

Let's talk about e-mails. By now, we all know how important e-mail is; we all know that we must ask for it in discovery and review it carefully. When your opponent produces juicy e-mails, they are admissions and easily admissible, right? Not so fast. In order to be admissible, you will need to show, among other things, that the e-mail is authentic, that it is not hearsay, and that it is an original or duplicate of the original. E-mail chains present particular problems, because they are often a combination of party admissions, business records, nonparty hearsay and self-serving statements. So even if the admissibility of part of an e-mail chain is clear, you may need to look at each and every link. See, e.g., *Rambus, Inc. v. Infineon Technologies AG*, 348 F.Supp.2d 698 (E.D. Va. 2004). And because electronic evidence is so easy to manipulate, the standards for authentication are often heightened.

It is not uncommon, especially in large document production cases, for the parties to stipulate that anything a party produces from its own files will be deemed authentic so that the other side need not spend trial time on technicalities. But in the e-age, you may need to reconsider.

Remember your Bugs Bunny - Yosemite Sam cartoons? "You varmit," Sam would menace, "I'm gonna

blast you!" "Who, me?" Bugs asks. "Yes, you." "Me?" "You!" "Me?" "You!" Then Bugs screams "You!" and Sam says "No, me!" and he shoots himself. The problem with long e-mail chains is that we seldom look at the old messages as we pile on the new ones and we may end up shooting ourselves. Suppose the e-mail chain starts with Smith writing to Jones "You are in breach of the contract." Jones replies "I am not." Smith rejoins "You are so." Jones comes back with "I'll see you in court." And Smith ends the chain with "Not if I see you first." But Jones, rascally rabbit that he is, alters the original message when he sends his "I'll see you in court" so that Smith's original message reads "I am in breach" rather than "You are in breach." Smith doesn't notice as he continues the back-and-forth. And when discovery rolls around, both Smith and Jones will have in their files and produce the bogus e-mail chain.

Okay. This is fraud; it is criminal; things like this don't happen. Well, actually they do. The point is that it is so easy to do. So don't expect the court to assume that an e-mail is authentic simply because it is gleaned during discovery. Now, in *United States v. Safavian*, 435 F. Supp.2d 36 (D. D.C. 2006), the court took a lenient view on authenticity and decided that the possibility that e-mails might have been altered does not in and of itself justify their exclusion, since any form of documentary evidence can be altered. But it takes some skill to forge a paper signature; altering an e-mail takes nothing more than an impure heart and a keystroke. And as Judge

Grimm points out, because "there is a wide disparity between the most lenient positions courts have taken in accepting electronic records is authentic and the most demanding requirements that have been imposed . . . it would be prudent to plan to authenticate the record by the most rigorous standard that may be applied. If less is required, then luck was with you."

### *The Problem With E-Data*

Let's talk about electronically stored data. You plan to prove your damages with your client's electronic database that tracks the outstanding account due from the defendant. You will overcome the hearsay rule because the data is a business record; the account data was entered by persons with knowledge as a regular practice in the ordinary course of business. But with electronic documents there is an extra step. In *Vee Vinhnee v. American Express*, 336 B.R. 437 (9th Cir. Bkr. Panel 2005), the Court pointed out that authenticating a paperless electronic record in principle poses the same issue as for a paper record; but because "one must demonstrate that the record that has been retrieved from the file, be it paper or electronic, is the same as the record that was originally placed into the file" there is an important distinction. When one retrieves the paper that was put in the file, there usually is no issue that it may have been altered after its creation. But when one retrieves an electronic file, there must be some showing that the computer system ensures the integrity of the original because "digital

technology makes it easier to alter the text of documents that have been scanned into a database, thereby increasing the importance of audit procedures designed to ensure the continuing integrity of the records." *Id.* at 445.

This is American Express we are talking about here, presumably a sophisticated business entity and litigant when it comes to tracking an account. And American Express was not sandbagged or overwhelmed in the heat of the moment at trial. The court warned that it was concerned and allowed American Express to submit sufficient foundation in a supplemental filing after the bench trial. Yet American Express failed, because it failed to show how its e-records were maintained.

The time to worry about all of this is not at trial or, in the rare instance when the court allows it, after trial. The time is during discovery. It is not enough to discover good documents; your job is not done until you have also discovered the means to make those documents admissible. Judge Grimm suggests a simple three step approach: seek a stipulation; barring that, propound a request for admission; and barring that, be prepared to establish authenticity and hearsay exceptions at trial. Be prepared.

Gosh, we wish we had thought of that.

# DISCOVERY

## Co-Client Privilege

By Jerold S. Solovy  
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Some things are easy to predict. No matter how sunny it is today, we own an umbrella because we can predict it will rain in the future. No matter what the standings are today, we know that the Cubs will find a way to break our hearts. No matter how friendly two entities are today, we need to prepare for the real possibility that friends will become foes. Because when that happens, it will have real implications for preserving privileges.

### *The Classic Corporate Love Story*

We could not put it better than did Judge Cudahay in *GSC Partners CDO Fund v. Washington*, 368 F.3d 228, 232 (3d Cir. 2004): it is "the classic corporate love story. Company A meets company B. They are attracted to each other and after a brief courtship, they merge. . . . nine months later, however, things begin to fall apart . . . . It is an old story but it never fails to elicit a tear." The problem can arise in all sorts of contexts. Two companies might merge and later split. A company might sell a subsidiary to a purchaser who later feels cheated. Two companies might form a joint

venture and subsequently find themselves at odds. While the marriage was working, the two entities freely shared information with one another, including privileged materials. But when they part, like any couple in a divorce, the parties will fight over possession of their possessions. And so the question is "who gets possession of privileged materials?"

Okay, where should we start? Well, we like the advice the King gave the White Rabbit: "Begin at the beginning and go on until you are finished; then stop." We begin with the basics. Point One: Communications with an attorney designed to elicit or impart legal advice are privileged. We recognize that privilege, even though its assertion is in conflict with the truth-finding function of our system of justice, because that same system more highly rates candid exchange between counsel and client than it does truth-finding. All right, that was unnecessarily cynical. The point is that there are plenty of ways to learn the truth without invading legitimate privileges, and it is important, very important, to encourage open communication between client and counsel without fear of

disclosure. So the attorney-client privilege is sacrosanct.

Ah, but not so sacrosanct. Point Two: Disclosure to a third party of otherwise privileged communications destroys the privilege. Now, there are nuances. Some jurisdictions hold that disclosure must be intentional rather than inadvertent for the privilege to be lost; others find the privilege abrogated by any disclosure, however unintentional or innocent. Some jurisdictions allow a party to selectively waive a privilege under limited circumstances.

So some disclosures waive the privilege, some do not. And a recent case in the Southern District of New York demonstrates the lengths some courts will go to avoid waiver. In *In re Cardinal Health, Inc. Securities Litigation*, 2007 US Dist. LEXIS 36000 \* 29 (S.D.N.Y. 2007), plaintiffs sought production of privileged materials created by counsel to the audit committee of the defendant corporation, after those materials had been voluntarily shared with the SEC and the US Attorney. Now, the law in the Second Circuit was announced in *Salomon Bros. Treasury Litig. v. Steinhardt Partners, L.P.* 9

F.3d 230, 235-36 (2d Cir. 1993): voluntary disclosure of privileged materials to the SEC is a waiver of the privilege. But because *Salomon* had acknowledged that sharing privileged information among persons with a common interest might not destroy the privilege, the *Cardinal Health* court made a finding that the audit committee and the government shared a common interest to ensure compliance with the law -- so disclosure to the government did not waive the privilege. We think that's a stretch. All corporate boards and officers have an interest in obeying the law. But "I'm from the government, and I'm here to help you" is not always a comfort. The government has an interest in making examples of wrongdoers, and in their zeal to do so, a few dolphins invariably get caught in the nets cast for sharks. The *Cardinal Health* reasoning -- that law abiding citizens and the government always have the same interest -- in effect creates a *per se* rule of non-waiver whenever there is disclosure to the government -- effectively overruling *Salomon*. We're not so sure *Cardinal Health* will survive Second Circuit review.

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Ah, well, Point Three: Disclosure to another entity that *genuinely* shares a common interest should not defeat the privilege. Actually, courts typically reach this destination by one of three different routes. When information is shared between separate corporate entities who are members of the same corporate family, some courts view the separate entities as a single client. *See, e.g., Glidden v. Jandernoa*, 173 F.R.D. 459, 472 (W.D. Mich 1997). Other courts view the two entities separately but as joint or co-clients. *See, e.g., Polycast Tech. Corp. v. Uniroyal, Inc.*, 125 F.R.D. 47, 49 (S.D.N.Y. 1989). And still others view the members of the corporate family as having a community of interest. *See, e.g., Glidden, supra*. Just as all roads lead to Rome, all three theories lead to the maintenance of the privilege. Except . . .

#### ***When They Divorce, Neither Party Gets Sole Custody Of The Privilege***

Point Four: the privilege is maintained only as to the rest of the world, not as to the joint clients or community of entities who have shared information with one another. "When former co-clients sue one another, the default rule is that all communications made in the course of the joint representation are discoverable." *Teleglobe Communs. Corp. v. BCE, Inc.*, 2007 U.S. App. LEXIS 16942 (3d Cir. 2007).

And here it gets interesting (at long last, you say). Let's take a hypothetical. Mega Holdings, Inc. owns 100% of the stock in Wish & Aprayer Enterprises, Inc. Mega infuses capital into Wish & Aprayer to develop technology to implant cell phones into the human

body, allowing (or requiring) that we stay annoyingly in touch 24/7. Mega has its long-time counsel, Bob Enweave, jointly represent the two entities in the project. Billions of dollars and hundreds of privileged communications later, Mega sours on the concept. It consults Enweave about its options and responsibilities in the course of selling Wish & Aprayer to Pat C. Corp. Of course, Mega does not disclose that it thinks Wish & Aprayer's business model is fatally flawed. When Pat C. realizes it has bought a sinking ship, it sues.

Pat C. seeks discovery of Enweave's entire file to get the materials he did not already share with Wish & Aprayer during the joint representation. At the same time Pat C. opens a website and posts all of Enweave's confidential, privileged memos already in its possession so that they can be used by happy litigants everywhere.

Okay, let's take a deep breath. Although Mega and Wish & Aprayer shared the privilege, neither of them has a unilateral right to waive it as to other parties outside of the joint representation. *Teleglobe, supra*. Moreover, Mega cannot be compelled by Wish & Aprayer to turn over Enweave's privileged communications generated during the sale of Wish & Aprayer which went beyond the scope of the joint representation. Enweave probably has some professional liability issues for counseling two entities potentially adverse to one another; but a lawyer's potential misconduct in failing to withdraw from joint representation is not visited upon the client, and the individual privileges are maintained. *Eureka Inv. Corp. v. Chicago Title Insurance*

*Company*, 743 F.2d 932 (D.C. Cir. 1984).

Great. But what about the Web posting? Wish & Aprayer had no right to waive the privilege -- but by publicizing the privileged material, there is a serious issue whether that bell can be un-rung. Mega has a case for breach of duty, but fat chance that will undo the harm.

And while Wish & Aprayer can't invade Mega's individual privileges, it does have the right to get the rest of Enweave's privileged materials within the scope of the common interest. In *Teleglobe, supra*, the parent corporation argued that the privilege should always belong to the parent, since the subsidiary's duties flow to the parent; therefore, it was argued, the former subsidiary should not be allowed to invade the parent's privilege even though the subsidiary shared in the privilege while the relationship existed. The Third Circuit was impressed by that argument, but only superficially so. The problem is, the Third Circuit reasoned as it ultimately rejected the argument, "control of the privilege passes with control of the corporation, so it is unclear . . . that it is the initial corporate parent who should control the privilege unilaterally once the group breaks up."

#### ***Would A Pre-Nup Work?***

There is a possible fix. The *Teleglobe* court noted that it might be permissible for co-clients to agree in advance to shield information from one another in subsequent adverse litigation. A parent corporation could easily extract that agreement from its wholly-owned subsidiary. But the only case the Third Circuit was able to find on point refused to enforce such an agreement. *In*

*re Mirant Corp.*, 326 B.R. 646 (Bankr. N.D. Tex. 2005).

So here's the deal. When two entities share a common interest, it is efficient, it is logical, for them to share counsel. And we don't suggest that change. But they had better buy an umbrella, wait for the Cubs to blow the crucial game, and get ready to lose their privileges.

# DISCOVERY

## Inadvertently Ethical

By Jerold S. Solovy  
and Robert L. Byman



“Grub first, then ethics.” - Bertolt Brecht.

As a profession, lawyers tend to be adequately fed; so ethics ought to come first for us. Yet we are by nature zealous advocates, and our hunger to exploit every advantage for the good of our client sometimes messes with our ethical compass. Where lines are grey, advocates will push lines. But the California Supreme Court is due to issue an opinion in the next few weeks that is likely to add considerable black and white to the line between ethics and advocacy.

### ***Do You Have To Notify Your Opponent Who Inadvertently Discloses Privileged Materials?***

You represent Papa Bear Inc. in litigation with Baby Bear Co.; the critical issue is whether Papa and Baby had a contractual relationship or a partnership – did Papa owe Baby merely contractual duties or fiduciary ones? After you have deposed Baby’s president, Baby makes a supplemental document production of sixteen septillion documents. Buried in the haystack you find a needle marked “Confidential

Attorney Client Privilege Work Product This Is Sensitive Holy Grail We Really Mean It.”

You are not too concerned with the label, since the same legend routinely appears on nearly every e-mail produced, not to mention a few dozen hard copy documents that are merely cover letters or documents addressed to “Dear Occupant” with copies to the entire state voter registration list. But this particular document is a memo from Baby’s main deal lawyer to the senior management of the company, laying out his analysis of the critical facts, impressions of the witnesses, and assessment of the potential outcomes, warts and all. And, oh, those warts. Baby’s president unequivocally claimed in his deposition that everyone without exception at Baby operated as if the relationship was a partnership. But now you have Baby’s lawyer’s memo, detailing twenty instances or so of Baby conduct inconsistent with a partnership theory. Boy, are you going to have fun with this memo when you spring it on Baby at trial.

But are you? Can you use the document? “What?” you scream at your conscience, “why not?” “Well,” your

conscience patiently reminds you, “legal ethics generally require that you notify the other side if an inadvertently produced privileged document falls into your hands.”

### ***Yes. Yes You Do Need To Notify***

The Federal Rules require no such thing. F.R.Civ.P. 26 requires that a receiving party return, destroy or sequester (pending court guidance) an inadvertently produced document – but only after receiving notice from the producing party. Without notice from the sender, the recipient need do nothing. But the majority of the States impose an ethical rule over and above the Federal Rules.

ABA Model Rule of Professional Conduct 4.4 provides that “a lawyer who receives a document relating to the representation of the lawyer’s client and who knows or reasonably should know that the document was inadvertently sent shall promptly notify the sender.” As of 2006, when Professor Andrew Perlman of the Suffolk Law School did a comprehensive review, more than 30 states had adopted some form of the Rule or had court or bar opinions that

mirror it; and a number of states were considering adoption. 13 *Geo. Mason L. Rev.* 767, 783-85 (2006); See also, *CT Rule of Professional Conduct* 4.4 (2007).

Oh drat. You have to tell the other side you have the memo. No surprise. And once told, Baby will try to claw it back. No juicy cross. Drat, drat, drat.

Now that doesn’t mean that you cannot try to convince the court that production has waived the privilege or that some other circumstance permits use of the memo’s contents. But good luck. A few courts hold that voluntary production of a privileged document, whether intentional or accidental, is a waiver of the privilege. See *FDIC v. Singh*, 140 FRD 252, 253 (D. Me. 1992). But the overwhelming majority of jurisdictions apply a flexible test on a case-by-case basis, and more often than not find there is no waiver. *Angell Investments, LLC v. Purizer Corp.*, 2002 U.S. Dist. LEXIS 11545 (N.D. IL 2002).

The point is that you don’t get to decide whether the production was inadvertent or intentional – that’s the court’s decision. If you have a document that you suspect has been inadvertently produced,

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you have to tell the other side so that they can tee the issue up for the court. And if you don't – if your internal conscience opts for surprise rather than notice, there are very real consequences.

**And Notice Means That  
You Can't Use The  
Privileged Material**

Ray Johnson represented the plaintiffs in an SUV rollover case. During the deposition of a defense expert, Johnson somehow walked away with a 12 page document with the innocuous heading "August 28, 2002; LEC; 10:30." The document, it turns out, was opposing counsel James Yukevich's notes of a meeting with defense experts, containing Yukevich's thoughts and impressions of the strengths and weaknesses of the conflicting expert opinions; it also recorded statements attributed to the experts that were directly at odds with their deposition testimony. Johnson sprung the document at the deposition of the second defense expert to effectively impeach his testimony and the testimony already given by the first expert.

Yukevich demanded return of the document and moved to disqualify Johnson. Johnson maintained that the court reporter had accidentally handed the document to him; Yukevich claimed that the document was taken from his briefcase while he was out of the room. Whatever. The trial court declined to find that the document had been stolen as asserted by Yukevich and found that Johnson obtained it inadvertently. But the court found that Johnson had violated an ethical duty to notify Yukevich that the document had come into his hands and by using the document without

notice. *Rico v. Mitsubishi Motors Corp.*, 10 Cal. Rptr. 3d 601, 604 (4<sup>th</sup> Dist. 2004).

Johnson argued that, not only was he not ethically required to notify Yukevich, he was actually duty-bound to use the document to his client's advantage, citing *Aerojet-General Corp. v. Transport Indemnity Ins.*, 22 Cal. Rptr. 862 (1<sup>st</sup> Dist. 1993). The *Aerojet* court reversed the trial court's imposition of sanctions for failure to notify opposing counsel that privileged materials had fallen into the sanctionee's hands; moreover, the court suggested that there was an affirmative ethical obligation to use the inadvertently produced material: Once counsel "acquired the information in a manner that was not due to his own fault or wrongdoing, he cannot purge it from his mind. Indeed, his professional obligation demands that he utilize his knowledge about the case on his client's behalf." *Id.* At 867-68.

Had *Aerojet* been the sole authority on the subject, Johnson would have been fine. Problem was, *Aerojet* was limited on its facts. In *Aerojet*, there was no showing of any prejudice from the failure to give notice since the only thing used from the inadvertently privileged materials was the name of a previously undisclosed witness – something that had to be disclosed anyway. Oh, and the producing party won its case.

So when the issue next arose, in *State Comp. Ins. Fund v. WPS, Inc.*, 70 Cal App. 4<sup>th</sup> 644, 656 (2<sup>nd</sup> Dist. 1999), the court distinguished *Aerojet* on its facts and announced the rule for the future: When a lawyer who receives materials that obviously appear to be privileged and where it is reasonably apparent that the

materials were provided through inadvertence, the receiving lawyer must immediately notify the sender.

And the future caught up with Johnson. Now, *Aerojet* was in the 1<sup>st</sup> Appellate District; *State Fund* was in the 2<sup>nd</sup> District. And Johnson did what he did in the 4<sup>th</sup> District. So he had a perfect right to argue that the *Rico* court should follow *Aerojet*, not *State Fund*. But the *Rico* court had an equally perfect right to reject that argument, and it did:

For cases following *State Fund*, there is an ethical duty immediately to disclose inadvertently received privileged information. More precisely, an attorney who inadvertently receives plainly privileged documents must refrain from examining the materials any more than is necessary to determine that they are privileged, and must immediately notify the sender . . . .

*Id.* at 613. The court found that Johnson had violated his ethical duty by failing to notify Yukevich that the document had come into his hands and by using the document without notice. Motion granted; Johnson -- and his experts -- were disqualified. *Id.* at 604.

Whatever conflict may remain among the Districts of California, it will all be cleared up soon. The *Rico* case was argued to the California Supreme Court on October 3, 2007, and an opinion is expected by the end of the year. If the press reports are to be believed, Mr. Johnson should not have high expectations. For example, Mike McKee reports in Law.com that the Chief Justice asked Johnson's lawyer "So the surprise factor

is more important than the integrity of the court?" Ouch.

Johnson may get some relief. The Court might conclude that disqualification is too harsh a sanction; it might conclude that there is an exception to the notice rule when the inadvertently disclosed material provides evidence of perjured testimony. But whether or not Johnson gets a bone, his clients got a disqualification order in 2004 and presumably had to move on to new lawyers and new experts. And unless the California Supreme Court decides to go decidedly against the current, we anticipate that *Rico* will settle once and for all that a party who inadvertently receives a privileged document must immediately notify the producing party.

Ethics first, then grub for advocacy.

**Authors' Note:** After publication of this article, on December 13, 2007 the California Supreme Court issued its opinion, in *Rico v. Mitsubishi Motors Corp.*, 42 Cal. 4<sup>th</sup> 807 (2007). Writing for a unanimous court, Justice Corrigan summarized the court's holding: "Once it becomes apparent that the content is privileged, counsel must immediately notify opposing counsel and try to resolve the situation. We affirm the disqualification order under the circumstances presented here."

No relief for Johnson . . .

## DISCOVERY

## E-Discovery Tremors

By Jerold S. Solovy  
and Robert L. Byman



The San Francisco earthquake measured 8.25 on the Richter scale, claimed 3000 lives and caused half a billion of damage in 1906 dollars. The 1989 Loma Prieta earthquake registered 6.9 on the scale, left 63 dead, 3700 injured and delayed the World Series for 10 days. The 1994 Northridge quake, a mere 6.7, resulted in 57 deaths, 9000 injuries, and forty billion dollars of damage.

The 2008 *Qualcomm* case has not been assigned a Richter number; it caused no deaths. But it should send shock waves far outside of California. On January 8, 2008, Magistrate Judge Barbara Major issued a sanction order and referred six attorneys to the State Bar of California for investigation of possible ethical lapses. All because e-discovery had not been properly conducted.

### *An Unnatural Disaster*

Let us be clear. This decision was issued but a few weeks ago; it may or may not be appealed, reversed, or modified. There no doubt is a way to tell the tale that is less damning to Qualcomm and its lawyers than is Judge Major's recitation. But she is the judge and she has judged and oh boy has she damned. We will use

pseudonyms for the individuals in this article because we take no joy in reporting that lawyers have been sanctioned. These six lawyers, judging from their bios and resumes, are fine lawyers at the top of the profession. If this happened to them, it could happen to us; it could happen to you.

In *Qualcomm Inc. v. Broadcom Corp.*, 2008 U.S. Dist. LEXIS 911 (S.D. Ca. 2008), Broadcom asserted that Qualcomm's patent infringement action was waived by Qualcomm's participation in an industry wide collaboration known as the Joint Video Team ("JVT") that led to the adoption of a video coding standard in 2003. Participants in the JVT were required to disclose relevant patents and license them to anyone who followed the 2003 standard; so if Qualcomm had been a participant prior to adoption of the standard, its action against Broadcom was waived. Qualcomm asserted, however, that it was not a participant prior to 2003.

We have to fill in a few gaps here with speculation. We're guessing that the JVT was not a small group composed of a few folks so that the participants are easily identified. No, we figure this

was a confab of a very large number of entities, some of which came to meetings to participate, some of which participated by mail or similar means, some of which participated passively by merely monitoring events. We're guessing that the JVT didn't keep complete records of who was or was not a participant.

But we are not guessing, because Judge Major tells us, that Broadcom sought discovery about Qualcomm's pre-2003 participation. And therein lies the tale. Qualcomm responded in interrogatories that its first JVT involvement was in December 2003, after adoption of the standard. No documents were produced that suggested any pre-2003 involvement. Qualcomm produced 30(b)(6) witnesses who stated that Qualcomm had not participated in the JVT until late 2003.

At the 30(b)(6) deposition, Broadcom used the only document it had that suggested participation – a December 2002 email that included the email address of a Qualcomm employee, Viji Raveendran, in what looked like a list of members of a JVT sub-committee called AVC. The email was not sent to nor

received by Ms. Raveendran; it simply listed her email address. Qualcomm remained resolute – indeed, as Judge Major described it, "aggressive" – in its assertion that it had not participated in the JVT in 2002. It filed declarations and multiple pleadings asserting that there had been no pre-2003 involvement.

### *And Then The Wheels Started To Come Off*

While preparing Ms. Raveendran for testimony, Junior A. Soseat (remember, we're using stage names here), tumbled upon an August 2002 email welcoming Ms. Raveendran to the AVC. Soseat then had Ms. Raveendran search her laptop with the term "AVC" – and turned up 21 separate email chains, none of which had ever been produced, which were addressed to Ms. Raveendran in 2002 about the work of the JVT. Soseat reported his discovery to his elders, Wiley Vetren and C. Nora Pardner. Collectively, they decided that the 21 e-mails were not responsive to Broadcom's discovery requests. They said nothing about the 21 e-mails to Broadcom. And maybe not to their own co-counsel either.

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Soseat, Vetren and Pardner were all part of a boutique IP firm, Patents & Progeny. P&P had brought in Big & Bigger, an international, 650-lawyer firm, after discovery had been completed, to help try the case. In an argument four days after the P&P lawyers had decided not to produce the 21 emails, B&B's Dan D. Fellow argued to the judge that there was no evidence of any pre-2003 involvement by Qualcomm in the JVT. Fellow later would maintain that P&P never told him about the 21 emails; P&P asserted otherwise. In any event, Vetren and Pardner stood by silently as Fellow made his inaccurate assertions to the Court.

And then the fetid bodily secretion hit the air movement device. Qualcomm called Ms. Raveendran to testify, and carefully asked questions so as not to elicit the existence of the 21 emails. Broadcom's cross examiner, however, did not roll off a radish truck; he got Ms. Raveendran to reveal that she had received multiple JVT emails in 2002. Qualcomm argued that the emails were not requested in discovery; but Qualcomm apparently had little faith in that position and voluntarily produced the 21 emails.

The jury found for Broadcom. The court retained jurisdiction to address a number of issues, including discovery misconduct. Several months after the verdict, Pardner advised the court that Qualcomm had located a few more "relevant unproduced documents" "that appear to be inconsistent with certain arguments made on Qualcomm's behalf." By a few we mean 46,000. 46,000 documents, 300,000 pages of relevant unproduced documents. The documents were located by the not-terribly

exhausting vehicle of searching the email archives of less than two dozen key Qualcomm employees – searches that had not earlier been undertaken.

Judge Major had major problems with the conduct of Qualcomm and its lawyers. Judge Major found that Qualcomm's failure to conduct basic searches at any time prior to trial amounted to an intentional withholding of documents. She deflected Qualcomm's assertion that that outside counsel should have given more guidance on the scope of searches that should have been performed. Qualcomm was responsible for its own failings and for the failings of its chosen counsel.

The case likely would not have been brought or would have been quickly dismissed, or at least would not have gone to trial had Qualcomm produced the documents that made the waiver defense airtight. So the sanction was \$8,568,633 – the full amount of Broadcom's legal fees. But because the trial judge had already awarded that same amount after finding this an exceptional case, no actual additional sanction was imposed. Unless, of course, Qualcomm were able to get a reversal on the merits but not on the discovery abuse; then the discovery sanction would stand.

As to counsel, Judge Major rejected the hypothetical possibility that Qualcomm had hoodwinked the lawyers. Because they were so qualified, these lawyers should have seen through Qualcomm's failures to conduct basic searches, whether that failure was intentional or negligent. Judge Major concluded that the lawyers chose to ignore obvious signs that Qualcomm's production was incomplete. The lawyers could – should –

be sanctioned because they took the superficially suspect word of their client that production was complete.

The associate who signed the original it-turns-out-were-false discovery responses – sanctioned. The senior partner who was informed about the 21 emails but didn't think to look at them or initiate additional searches – sanctioned. The junior associate who followed orders and acquiesced in the decisions of his supervisors – sanctioned.

Judge Major declined to impose monetary sanctions because she had some question about her authority to do so and because she did not think it would have as good a deterrent effect as would holding lawyers to their ethical duty to make reasonable inquiries in the course of responding to discovery. So she referred the mess to the California Bar.

### *Lessons To Be Learned*

Perhaps the California Bar will take no action. Perhaps these lawyers will demonstrate that Judge Major got it wrong, that they did nothing wrong. Perhaps the troubles in Ireland and the strife in the Middle East will be over tomorrow.

All you young lawyers out there, don't ever fail to report fully to your elders if you suspect or know there is a problem. Model Rule of Professional Responsibility 5.2 protects subordinate lawyers who follow a "supervisory lawyer's reasonable resolution of an arguable question of professional duty." But don't assume that you are home free by reporting up your chain of command. If your supervisor isn't being reasonable, you, like the junior associate here, won't be protected. You older lawyers, don't ignore the gorillas if they slip into the

room. If you learn something that would make a judge say "Why didn't you follow up?" follow up.

All you lawyers, young and old, don't rely entirely on your client's IT people to help you get to the right answer. Don't blindly take your client's word for it when they say they don't have or can't find stuff. Probe; inquire; investigate. If you see a warning flag, if you see something that suggests the previous production is incomplete, go back, re-inquire.

Oh, and tell the judge the truth . . . .

# DISCOVERY

## Thy Client's Keeper

By Jerold S. Solovy  
and Robert L. Byman



Things had gotten hot and Darrow's rhetoric was blistering the paint off of the judge's name plaque. "Mr. Darrow," the judge interjected, "Are you attempting to show your contempt for this court?" Darrow paused, and smiled at the jury. "Goodness no, your Honor. I am attempting to conceal it."

Words hurt. And we advocates know that if we use words as weapons, we can be held accountable for the use of excessive force. If we step over the line, we may be held in contempt (figuratively as well as literally) or we may otherwise be sanctioned. But what if the words are not ours? What if our client engages in verbal assaults beyond the pale? On February 29 (only on Leap Day), Judge Eduardo Robreno of the Eastern District of Pennsylvania provided an answer. We are our clients' keepers, and if we let them run wild, we will pay the price. Judge Robreno sanctioned client and lawyer, jointly and severally, \$30,000 for the use – entirely by the client, not the lawyer -- of vulgar language and obstruction at a deposition. *GMAC Bank v. HTFC Corp.*, CA 06-5291 (E.D. Pa. 2/29/08).

*If It Rhymes Like A Duck . . .*

GMAC took the deposition of Aaron Wider, president and owner of HTFC. Mr. Wider, who apparently is given to colorful language, made frequent use of language which we cannot repeat in this family (well, we make *our* families read our columns) publication. So we quote by rhyme and euphemism: "I don't give a flying duck." "I'm going to give you a bass tickling." "None of your chuckling business." "Go get fornicated." "I'm not your bucking pitch." "You're kissing me off." "I'm not the one chasing \$15 million, brass wipe." "I don't mucking give a spit." "Don't plucking threaten me, gas hole." Well, you get the gist. In this contract case, Judge Robreno did a word search of the deposition and found the word "contract" or its variants only 14 times; but the word "\*\*\*\*\*" (rhymes with "duck" and can be used by sailors and teenagers as a noun, verb, adjective or adverb) was used 73 times.

A lawyer who uses language that disrupts a judicial proceeding is subject, if not likely, to be sanctioned. Muttering "Ah, twit" (we're still rhyming here) at a bench conference was held to be criminal contempt. *United*

*States v. Ortlieb*, 274 F.3d 871, 877 (5th Cir. 2001). An attorney who told a judge "I am not taking this mucking slit" (or such) ended up taking a public reprimand from the New Jersey Supreme Court. *In re Vincenti*, 114 N.J. 275, 280 (N.J. 1989). And not just lawyers. Judges who use profanity are subject to sanction. *In re Bennett*, 403 Mich. 178, 189 (Mich. 1978) ("Judge Bennett used injudicious language, both on and off the bench, of a kind and to an extent that is violative of Canon 2 of the Code of Judicial Conduct").

And wayfarers – defendants, witnesses, observers – who wage profanity risk sanction. Consider this (rhymed) exchange: "The Court: I'm finding you in contempt of Court, for saying an obscenity in this courtroom. . . . Ninety days for contempt." "The Defendant: Suck my stick for giving me another 90 days." "The Court: Six months consecutive for contempt." "The Defendant: Pluck your mother with a stick." "The Court: Another six months consecutive for contempt." One year plus 90 days in jail for three no-doubt-at-the-time-highly-satisfying moments of verbal machismo. *Jackson v.*

*Bailey*, 221 Conn. 498, 501 (Conn. 1992).

Witnesses, lawyers, judges – we are all responsible for our own off-color moments and outbursts. So no one should be surprised that Aaron Wider was sanctioned for 73 uses of a near-homonym but not, for him, a synonym of luck. But we were a little surprised that Wider's lawyer took the hit with him.

### *The Chicago 7 Trial*

We were surprised because we grew up during the Chicago 7 trial. For those of you who were not following Neil Armstrong walk on the Moon and Abbie Hoffman walk on an American flag in the late 60's, a brief albeit thoroughly slanted history lesson. The Chicago 7 – originally the Chicago 8 until Bobby Seale made such a spectacle that Judge Hoffman had him bound and gagged to a chair in the Courtroom, then removed from the Courtroom to a place where the proceedings were piped in, and finally severed from the case. The remaining defendants were demonstrators who came to Chicago to agitate to end the Vietnam War at the 1968 Democratic convention; the agitation led to a very public,

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very embarrassing scene in which Chicago police gassed and clubbed mostly college kids. To save a little face and to exact a little revenge, the 7 were charged with crossing State lines to incite a riot. The ensuing trial turned out to be more public and more embarrassing than the original police action in Grant Park. During the trial, Abbie Hoffman and Tom Hayden appeared in judicial robes, took them off in front of the jury, and stomped on them. The defendants lost no opportunity to heckle the judge; the lawyers lost no opportunity to accuse the judge of bias and impropriety. And the judge got even. After the defendants were found guilty of conspiracy, the judge imposed criminal contempt sentences on all 7 – and on the two defense lawyers. William Kunstler, lead counsel, was sentenced to in excess of 4 years.

All of the original sentences, all of the original contempt findings, were reversed on appeal; another judge later made contempt findings but imposed no fines or penalties. But the original contempt findings were based in part on the charge that the attorneys failed to aid the court in maintaining order. The Seventh Circuit found no such duty. “An attorney has no affirmative obligation to restrain his client under pain of the contempt sanction.” *In re Dellinger*, 461 F.2d 389, 400 (7th Cir. 1972). “Indeed, compelling an attorney to control the conduct of his client under threat of the contempt sanction might well destroy the confidence in the attorney-client relationship which is necessary to a proper and adequate defense.”

The Seventh Circuit specifically noted that it was expressing no view on whether

it might be an ethical violation to stand idly by while one’s client goes wild. But the Chicago 7 lawyers were never brought up on disciplinary charges, and it is hard to find a clear ethics rule violated by their inaction. “Attorneys have a right to be persistent, vociferous, contentious, and imposing, even to the point of appearing obnoxious, when acting on their client’s behalf. An attorney may with impunity take full advantage of the range of conduct that our adversary system allows.” “Furthermore, . . . where the line between vigorous advocacy and actual obstruction defied strict delineation, doubts should be resolved in favor of vigorous advocacy.” *United States ex rel. Robson v. Oliver*, 470 F.2d 10, 13 (7th Cir. 1972).

Not so fast. “It is essential to the proper administration of criminal justice that dignity, order, and decorum be the hallmarks of all court proceedings in our country.” *Illinois v. Allen*, 397 U.S. 337, 343 (1970). Judicial proceedings must adhere to “standards of demeanor for court, jurors, parties, witnesses and counsel.” *Dellinger*, 461 F.2d at 401. Judge Robreno rightfully can hold parties and counsel to standards of demeanor.

### ***These Are Discovery Sanctions***

But Judge Robreno did not need to worry about criminal contempt due process or disciplinary rules. Because this conduct occurred at a deposition, the Judge used Rules 30 and 37 to make his point, and stick the point down Wider’s attorney’s (rhymes with) goat.

A Rule 37 motion was filed seeking an order compelling answers that

Wider’s profanities had not supplied. The motion was, of course, granted. And since Rule 37 requires, once a motion to compel is granted, that the Court consider the propriety of sanctions, well – Duh! – the judge found that sanctions were appropriate, in the amount of the fees incurred to bring the motion -- \$13,000. Under Rule 30, the Court imposed an additional sanction – the fees and expenses incurred to take the original worthless deposition -- \$16,000.

Fine for Wider. (We mean that both ways.) But what about his lawyer? The judge noted that Rule 37 sanctions may be imposed against the person whose conduct necessitated the motion to compel and/or the “attorney advising that conduct.” Rule 30 sanctions may be imposed against an attorney who “impedes, delays or frustrates” the deposition.

The Court found that the attorney’s attempts to rein in Wider were “meek” and “his silent toleration of Wider’s conduct only emboldened Wider.” The Court held that “An attorney faced with such a client cannot . . . simply sit back.” Thus holding, the Court made the sanctions already imposed upon Wider joint and severable against the lawyer.

### ***The Fat Lady Hasn’t Sung***

It ain’t over yet. The attorney has moved to withdraw; he has hired his own attorney who has filed a motion to reconsider. But whether this attorney, on this case, gets a mulligan, it’s time to rethink our obligations when we are encountered by the beast, and the beast is our own client.

We had always assumed that we had no obligation to step in if our clients act poorly, but that may be a bad

assumption. We owe our clients a duty of confidentiality, but that duty does not constrain comment upon a public display. We owe our clients a duty of zealous representation, but that does not include silent acquiescence in outrageous conduct. We owe our clients a duty of loyalty, but it is simpering, not loyalty, to stand idly by when a client acts like a (rhymes with) duck.

# DISCOVERY

## Crackberry

By Jerold S. Solovy  
and Robert L. Byman



You have seen this guy. Maybe you are this guy. Driving down the highway at 65 miles an hour, steadying the steering wheel with the backs of his hands so that he can thumb in the answer to that e-mail he just got, his wife screaming at him to stop texting while driving, he weaves just a tad into your lane as his attention is 90% on Blackberry, 8% on driving, 2% on distractions like his suffering wife. You honk to get him back into his own lane. He doesn't hear you. He is in the zone. He is whacked out on a Blackberry high – high on Crackberry.

"Crackberry" was the 2006 Webster's New World College Dictionary "New Word of the Year." We are addicted to these devices. Yeah, we say, but we are addicted to air and water and food; this is a natural addiction, a *good* addiction. Our Blackberrys keep us connected. We are in a service business and these wonderful devices let us render service to our clients in real time, every waking moment. But here is a caution -- when we use them at a deposition to check and return and compose e-mails,

we may be violating ethical rules.

### *BlackBerry Addiction May Impact Our Diligence*

We did not come to this view on our own; we were too busy sending and receiving messages on our Blackberrys. We were provoked to thought by David Schott, of Alton, Illinois, who, in the May 2008 Illinois State Bar Association "Trial Briefs" suggests – well, no, he more than suggests, he flat out opines – that the use of a Blackberry during a deposition is a violation of an attorney's duties to use reasonable diligence and charge reasonable fees. And with David's wake-up call, we have temporarily sobered up from our Blackberry stupor to think this through. Join us. Come on, we know how hard it is. Put your Blackberry down and rest your thumbs, just for a minute. Read on and think with us.

Now, part of the problem is not ethics but manners. We don't belong to country clubs, but we understand that most of them ban Blackberrys and cell phones. (That isn't the reason we don't belong –

we just don't play the game.) But why? Cell phones we easily understand – an untimely ring or conversation could actually distract a golfer. But silent thumbing? Well, these devices are banned because it is bad form, it is rude, to attend to business when one ought to be enjoying one's time in a sand trap. And if it is rude on a golf course, how about in a courtroom? How many judges will permit you to whip out your Blackberry during live testimony at a trial? Most judges ban Blackberrys not out of concern for ethical considerations, but because their use is an affront to the decorum of the court. And since a deposition is essentially an extension of the courtroom, are the rules any different? Well, yes. There's no one wearing a robe at the deposition.

So is it rude to use a Blackberry at a deposition? Maybe. Probably. But so, what? Get over it. But is it unethical?

You have seen this guy. Maybe you are this guy. The guy who interrupts the deposition to have a question and answer re-read because he didn't hear it. Everyone

there knows he didn't hear it because he was distracted by the e-mails he was reading and sending – a self-created distraction because he chose to text rather than listen.

OK, you ask reasonably, what's the big deal? Multi-tasking is a virtue. Depositions move at a glacial pace. 99% of the time, you can pay reasonably full attention while simultaneously editing a brief or practicing piano etudes. But let's look at the Rule. Rule 1.3 of the ABA Model Rules of Professional Conduct requires that "A lawyer shall act with reasonable diligence and promptness in representing a client." If you aren't listening to the deposition, are you being diligent? If you are listening with one ear but your brain and thumbs are engrossed in other pursuits, are you being diligent?

Well, maybe. Multi-tasking -- on task -- is not a bad thing. Using technology during a deposition is not merely permissible – it may be a necessary component of diligent representation. Surely, no one would fault you if you listened with one ear while you used your laptop to search for other



testimony or documents that you need to use to rehabilitate or cross-examine the witness in light of an answer just given. No one could fault you if you used your Blackberry to e-mail your partner back at the office to ask him to feed you information you need in light of what you just heard in the deposition. Diligence might *require* that you use the tools available to you to find materials you need for an effective examination.

So let's say that during the deposition of your client, Dee Fendant, you need the question and answer repeated because you were distracted by the e-mails you were sending. "Bob – Dee just shown draft agreement dated 5/5/07 w/o Bates nos -- bad language re price issue. Did they produce in discovery? Can we explain?" . . . "Jerry – no, haven't seen it. But we have a later 5/7/07 signed term sheet with price language we like; will messenger copies to U for use during cross." Did you fail in your duty of diligence by letting your attention slip in order to Blackberry? Of course not. You were the duke of diligence, the count of competence – you used the Blackberry to serve your client and enhance his testimony.

***There Is a Difference  
Between Distractions  
In Service of Your Client  
And In Spite of Your Client***

What? Sorry, where were we? We were just responding to an e-mail. Oh, yes, we were talking about *intra*-multitasking. We were talking about the risk of distraction from the task at hand in order to address the big picture for that same

client. But the issue is different for *inter*-multitasking. When you distract yourself from representing the client at the deposition in order to serve a different client – or if you distract yourself in order to check the Cubs score or the stock market, what then? Well, then, there may be a real problem.

Why? Well, two reasons. First, if you daydream on your own, who's to know? But when you use your Blackberry to daydream, you have made a public expression of your lack of attention to the deposition, and you have created an electronic record of your dalliance. Second, if you use your Blackberry to attend to the work of a different client, you have created an ethical minefield when you bill your time.

You arrive at the deposition at 9 am; you break at noon and resume at 1 pm; the deposition adjourns at 4 pm. How much do you bill for attending the deposition? Well, duh. Six hours. No one will fault you for billing the full number of hours without deduction for the few minutes for rest room breaks and coffee refills and, yes, a few random daydreams about how maybe this is the year for the Cubs. But now let's throw in Blackberry reality. During the deposition, you receive 80 e-mails. 50 of these offer you mortgage refinancing or bedroom-performance enhancing drugs; you delete them based on their mere headers. 20 of these are routine firm memos, conflict checks and the like; you quickly read and delete them except for a small few you make a quick response to. 10 are substantive for a variety of different clients;

you respond to each. Now, how many hours do you bill for the deposition? If your answer is still six, think again.

Rule 1.5 of the ABA Model Rules of Professional Conduct requires that a lawyer's fees be reasonable. It might – it might – be reasonable to include a provision in a fee agreement that the client will pay a reasonable per hour amount for time substantially devoted to the client without deduction for incidental distractions such as emails. But the typical fee arrangement simply recites that the client will be billed an agreed hourly rate for time actually expended. So if you bill six hours – without deducting the time it took for you to address those 80 e-mails – are you being reasonable? Well, maybe, if you were able to do all of that while not missing a single word of the deposition. But if you did miss something – in fact if the deposition was prolonged to repeat stuff you missed, is it reasonable to bill for the full six hours?

And what if you bill those other clients for whom you exchanged substantive e-mails? Now you may have a real problem, unless you give a corresponding deduction to your deposition client. In *The Matter of: HALL ADAMS, III*, Commission No. 05 CH 30, 2006 Ill. Atty. Reg. Disc. LEXIS 74 (2006), Mr. Adams represented three separate clients whose cases were consolidated. Each time he appeared in court, he billed each of the three clients for the same, full amount of court time. Each client received an hour's worth of value for each hour charged, but the Disciplinary Commission found it unreasonable to bill

threefold for the same hour. Mr. Adams was suspended from the practice of law for 5 and a half months.

We don't intend to stop using our Blackberrys during intimate moments with our wives. But we are going to try to use them more judiciously at depositions, and we are going to be very careful about our billing.

We have to go now. We have dozens of e-mails to attend to that backed up while we wrote this article and our restless thumbs can idle no longer.

# DISCOVERY

## Whacky Rules

By Jerold S. Solovy  
and Robert L. Byman



We are so cool. We hail from the big city, the “Second City” as we proudly proclaim (well, actually, the third city, but who’s counting?). We witty, worldly bon vivants look with barely suppressed condescension upon our backwoods cousins – you know, the folks from states that begin with an “A”, that conjure up images of *Deliverance* and “you might be a redneck” jokes. Heh, heh – oh, those quaint, lesser states, with their backwards laws and ways. We are so-o-o superior.

Um, maybe not. It turns out that our great state of Illinois has a unique discovery rule that makes us rethink our smugness. And while a rule that applies to only one state may seem thin broth for a national publication like this one, we are a state in which you might find yourself someday, so you ought to know about this major speed trap along the road to justice. More important, we hope this will encourage you to share with us any equally embarrassing rules from your own states so that we can spread the word and the shame.

### *The Strange Creature of Evidence Depositions*

Under the Federal Rules and – so far as we can tell – the rules of every state save Illinois, a deposition is a deposition. Adjectives like “good” or “bad” or “mind-numbing” might be appended, but a deposition is a deposition. It is testimony that can be used at trial in lieu of live testimony whenever the deponent is unavailable. But in Illinois, we use the adjectives “Evidence” and “Discovery” to describe our depositions, and great is the fall on which is which. Evidence depositions can be used in lieu of live testimony. Discovery depositions, maybe not. And boy, can that make a difference.

Illinois Supreme Court Rule 202 recites that “The notice . . . to take a deposition shall specify whether the deposition is to be a discovery deposition or an evidence deposition. In the absence of specification, a deposition is a discovery deposition only. If both discovery and evidence depositions are desired of the same witness they shall be taken separately . . . .” Rule 212 governs the use of depositions. The Rule permits discovery depositions to be used at trial if the

witness is dead or infirm – but NOT if the witness is a party or a controlled expert.

In *Berry v. American Standard, Inc.*, 888 N.E.2d 740, 321 Ill. Dec. 221 (5<sup>th</sup> Dist. 2008), an Illinois Appellate Court affirmed the dismissal of what otherwise was probably a pretty good cause of action because the right kind of deposition did not get taken. Howard Berry was diagnosed with terminal mesothelioma on September 23, 2003 and was told he had 8-18 months to live. He filed a complaint on January 2, 2004 against 47 defendants who, he alleged, exposed him to asbestos on various job sites. On January 21, 2004, Berry’s counsel served a notice to take Berry’s evidence deposition in order to preserve his testimony, but the defendants objected and requested that a discovery deposition take place first. Berry had noticed his evidence deposition for February 25, but somehow the discovery deposition could not be scheduled until March 16, 2004. Nor could it be completed that day, and the parties agreed to extend it to March 22, 2004. After the second day of testimony, defendants were still not

done, but Berry balked at further sessions. His health was failing. He wanted to get his evidence deposition over with so he could preserve his testimony.

### *The Illinois Rules Restrict Depositions to 3 Hours; But Berry’s Deposition Spanned Six days*

Now, Illinois has a Rule (206) that says no deposition, regardless of the number of parties, shall exceed 3 hours unless the court permits more time on a showing of good cause. [We have already commented on deposition time rules in *The Myth of the Seven Hour Limit* which ran in the October 30, 2006 issue of the *National Law Journal*. Such rules are, like the Pirate’s Code, more like guidelines than rules.] Good cause was apparently shown to the court’s satisfaction. On May 12, 2004 the court granted defendants 4 additional days to conclude Berry’s discovery deposition. Berry’s health was by then precarious. On May 21, 2004, Berry asked the court to permit the use of his videotaped discovery deposition as an evidence deposition in the event he did

not survive long enough to complete an evidence deposition. The defendants objected, and the court ruled that it would not allow the discovery deposition to be used as an evidence deposition.

Berry's evidence deposition was scheduled for July 6, 2004, presumably after the discovery deposition would wrap up in June. Berry appeared for further sessions of his discovery deposition on June 9 and 10, 2004. But while all of the parties present completed their questioning, a few who had chosen to participate via telephone conference were unable to question because of technical problems with the call. So the technically challenged defendants who had not been able to phone-examine Berry moved to quash the evidence deposition until the discovery deposition was completed. Although those motions were filed on June 10, they were not heard until July 16, 2004, when the court allowed additional time for the discovery deposition.

The discovery deposition resumed and was finally completed on July 28, 2004. Shortly thereafter, Howard Berry was hospitalized; he was not well enough to testify from his bed; he died on August 23, 2004. His evidence deposition was never taken.

On a motion in limine, the court ruled that Berry's deposition had been taken for the purpose of discovery and barred its use at trial. On a motion for summary judgment, the court ruled that the absence of admissible testimony from Berry left his estate without a provable case. Case dismissed.

### **"The Justice System Failed"**

The Illinois Appellate Court was sympathetic if not helpful, calling it "regrettable" that "the justice system failed." The trial court might have moved more quickly, the Appellate Court dicta-d; the trial court might have ordered that the discovery and evidence depositions proceed concurrently, it mused. Might have, could have. The Appellate Court apparently did not feel that these exercises or failures of trial court discretion were addressable. Rules are rules, said the Appellate Court. (Not the 3-hour time limit rule, of course, but the evidence deposition rule, now, there's a rule!) The Rule is that discovery depositions of parties cannot be used in evidence. Howard Berry's premature and painful death cannot be recompensed because, although he was deposed under oath day after day, none of those days was entitled "Evidence."

The *Berry* court explained why Illinois has developed this unique distinction between discovery and evidence depositions. "Discovery depositions are not permitted to be used at a trial even if the deponent is unavailable, because that use would inhibit free discovery by requiring time-consuming evidentiary objections at every discovery deposition. . . . In contrast, an evidence deposition is generally used for the purpose of preserving testimony for trial, and questioning is therefore limited by the rules of evidence." "Knowing in advance that a deposition is for discovery only and hence of limited availability,

counsel ordinarily do not urge technical objections, and the taking of the deposition proceeds informally and expeditiously." *Id.* at 746, citing *Slatten v. City of Chicago*, 12 Ill. App. 3d 808, 813, 299 N.E.2d 442 (1973).

Oh, okay, now we get it – discovery depositions proceed more expeditiously than evidence depositions. Huh? It literally took all of Berry's life to get his discovery deposition done.

The *Berry* case was not the first to apply the Illinois Supreme Court Rule literally. In *Longstreet v. Cottrell, Inc.*, 871 N.E.2d 72, 374 Ill. App. 3d 549 (5<sup>th</sup> Dist. 2007), James Longstreet sought damages for injuries he received while operating a truck manufactured by the defendant. Longstreet gave a deposition – a discovery deposition – on October 27, 2004. He died of cancer (unrelated to the injuries involved in his suit) on May 26, 2005. The court denied the request of Longstreet's estate and widow that the discovery deposition be allowed in evidence. Now, unlike *Berry*, the *Longstreet* court did not involve the death of a cause of action; it merely ruled that certain evidence would not be admitted, but the case soldiered on. Unlike *Berry*, the record did not indicate on its face any particular diligence by Longstreet or his lawyers to get his evidence deposition taken.

That's why *Berry* takes one's breath away. Berry knew he was dying from the day he filed suit. He diligently and repeatedly sought to preserve his own testimony. He brought his condition to the attention of the court, and nicely asked the court to use its discretion

to help him. There is no indication that the judge acted unfairly, but the result seems unfair. There is no indication that any defendant or group of defendants purposely stalled, but the discovery deposition took too long.

There is an old Nigerian saying: "Whether the elephant steps on the rabbit by accident or by design, the effect on the rabbit is the same." Howard Berry was crushed by delay, and it doesn't much matter to his widow whether it was by accident or design. Howard Berry was crushed by Illinois' unique little discovery rule quirk.

We are so cool, we big-state sophisticates. Yeah, right. We are embarrassed by this rule of ours. But it would make us feel better if we knew that other states have a little mud on their shoes too (our state motto: "We may be a little screwy, but not as screwy as you.") Come on, you must have something in your state's closet that you can share with us to make us feel less sheepish. Send us an email.

# DISCOVERY

## Baying At The Rule

By Jerold S. Solovy  
and Robert L. Byman



For millennia, dogs have bayed at the moon, without all that much affect upon the moon. For what seems nearly as long, we have yapped about Rule 30(b)(6), with even less impact; we first howled some ten years ago in this column (October 26, 1998) about how many lawyers don't understand the Rule. Why do lawyers think they can or should ask for "the person most knowledgeable" to testify about specific subjects? The Rule neither compels nor permits an entity to simply produce the person with the most knowledge; rather it requires the entity to designate someone – anyone, even one who knows nothing – to assemble and communicate the entirety of the entity's knowledge.

We woofed again (February 6, 2006) about how courts had come to seemingly inconsistent positions on how to apply the Rule. Is the testimony given by the designated representative binding on the entity? After all, if the entity may freely do a 180 on the answers given at the deposition, what's the use of taking it? Some courts said yes, it's binding, while others said not so much.

And so we have bayed on, watching the same old same

old. But a group of recent cases give us hope that we have finally arrived at the right tree up which to bark. These cases give substantial guidance on how the Rule should be followed – and should give substantial pause to those who do not do so. And so we set out a short set of best practices for preparing and presenting 30(b)(6) depositions.

### Select Your Witness Well

Forget knowledgeable. The witness need not be most, more, or knowledgeable at all, since she is not being designated to give personal knowledge. "The Rule 30(b)(6) designee does not give his [or her] personal opinions. Rather, he [or she] presents the corporation's position on the topic. . . . The designee, in essence, represents the corporation just as an individual represents him or herself at a deposition. Were it otherwise, a corporation would be able to deceitfully select at trial the most convenient answer presented by a number of finger-pointing witnesses at the depositions. Truth would suffer." *Krasney v. Nationwide Mut. Ins. Co.*, 2007 U.S. Dist. LEXIS 90876, 7-8 (D. Conn. 2007) (quoting *United States v.*

*Taylor*, 166 F.R.D. 356, 361 (M.D.N.C. 1996).

So pass on most knowledgeable for most educable, least potentially damaging. Go for someone who is *not* particularly knowledgeable, someone who will not be a star witness at trial. Your star witnesses will have enough to deal with without the distraction of possible impeachment from the 30(b)(6) deposition.

### Prepare Your Witness Well

A 30(b)(6) witness has "an affirmative obligation to educate himself as to . . . all matters that are known or reasonably available to the corporation." *Honda Lease Trust v. Middlesex Mut. Assur. Co.*, 2008 U.S. Dist. LEXIS 60766 (D. Conn. 2008). Providing a designee who is not prepared to answer questions within the scope of the noticed topics is tantamount to a failure to appear and is sanctionable as such. *Kyoei Fire & Marine Ins. Co. v. M/V Mar. Antalya*, 248 F.R.D. 126 (S.D.N.Y. 2007). And the fact that proper preparation is burdensome is of no moment. The burden "is merely the result of the concomitant obligation from the privilege of

being able to use the corporate (or other organizational) form in order to conduct business." *AG-Innovations, Inc. v. United States*, 82 Fed. Cl. 69, 81 (Fed. Ct. Cl. 2008). Before you can be put to that burden, of course, the requesting party must give sufficient detail of the anticipated topics so that you are on fair notice – but having done that, well, you are on notice.

But let's get real. If you have the good fortune to represent a Fortune something company with 50,000 employees and 50 gazillion documents, no witness can be prepared to assimilate every fact known to the entity. Courts recognize this reality. "[I]n a case such as this, involving thousands of documents, . . . no witness or series of witnesses can know each one of the documents." *State Farm Mutual Automobile Insurance Co. v. New Horizont, Inc.*, 250 F.R.D. 203, 207 (E.D. Pa. 2008). So you need not prepare a witness to know every detail or to anticipate every possible question – just sufficient detail to fairly respond to reasonably anticipated questions.

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### ***Be Prepared To Give Up Your Preparation***

We don't know many lawyers who would not involve themselves in the preparation process. But we know too many lawyers who think that anything they do in preparation for a deposition is privileged.

In *State Farm*, the 30(b)(6) witness was asked how he prepared for his deposition. He responded that he had reviewed no documents but had spent a number of hours with counsel. Then, in response to substantive questions, the witness stated that he knew no facts other than those learned from counsel – and followed instructions not to disclose what he had learned from counsel. We need to get over ourselves. The fact that a witness learns a fact from counsel does not anoint that fact with privilege. Quoting *Protective Nat'l Ins. Co. v. Commonwealth Ins. Co.*, 137 F.R.D. 267, 280 (D. Neb. 1989), the *State Farm* court explained:

It is important to distinguish between facts learned by a lawyer, a memorandum or document containing those facts prepared by the lawyer, and the lawyer's mental impressions of the facts. The facts are discoverable if relevant. The document prepared by the lawyer stating the facts is not discoverable absent a showing required by *Federal Rule of Civil Procedure 26(b)(3)*. Mental impressions of the lawyer regarding the facts enjoy nearly absolute immunity.

Counsel's instructions not to reveal the facts were improper; monetary sanctions were imposed.

### ***If You Use Documents To Prepare, Be Prepared To Give Those Up Too***

Will Rogers said "I don't make jokes; I just observe Congress and report what they're doing." We don't make law; we just observe what judges say and report it. We have this Rule of Evidence, good old number 612, which says that if a witness uses a document – even a privileged document – to refresh recollection for testimony, the document must be produced. Rule 612 doesn't on its face apply to 30(b)(6) depositions since it is for *refreshed*, not *created* recollection. But the funny thing is that we have no rule that addresses documents used to create recollection, so the courts simply use Rule 612 anyway, despite its language impairment. See, *Heron Interact, Inc. v. Guidelines, Inc.*, 244 F.R.D. 75 (D. Mass. 2007). Indeed, the courts that have thought it through find that it is all the more important to require production of documents that create rather than refresh recollection. *Ferry v. BJ's Wholesale Club*, 2007 U.S. Dist. LEXIS 1808 (W.D.N.C. 2007). But whether or not Rule 612 actually covers documents that create recollection, the courts seem to think so – so don't prepare a 30(b)(6) witness with any document you don't plan to produce.

### ***If You Prepare A Witness To Say "I Don't Know," You May Be Stuck With That Answer***

What sort of sanctions are enough to put the fear of God into our observance of these practices? We are professionals; the very thought that we might be criticized is a severe enough sanction. Yeah, right. Well, then, monetary

sanctions are certainly enough. Yeah, sure. In bet your company litigation the fear of a few thousand dollars fine will make us all play nice.

But if you want to taste the fear of God, how about case dispositive sanctions – outright dismissal of a case, or its evil twin, issue preclusion – will that get our attention? To quote our esteemed Governor from the Moose state, "You betcha."

Rule 30(b)(6) requires the corporate deponent be prepared to give "complete, knowledgeable and *binding* answers." *Reilly v. Netwest Mkts. Group, Inc.*, 181 F.3d 253, 268 (2d Cir. 1999). So posit this. The 30(b)(6) designee of ReallyBig Corp. is asked how ReallyBig computes its damages and says "I don't know." If ReallyBig really says that at trial, of course, it will have failed to prove its case. Can ReallyBig change at trial from "I don't know" to "Our lost sales were \$10B"?

A number of courts have held – in the context of summary judgment motions – that 30(b)(6) testimony is indeed binding and cannot be contradicted with affidavits. See e.g., *In re Metoprolol Succinate Patent Litig.*, 2006 U.S. Dist. LEXIS 1328 (D. Mo. 2006); *Rainey v. American Forest & Paper Assoc.*, 26 F. Supp. 2d 82, 95 (D.D.C. 1998). ReallyBig would be in really big trouble in those courts, at least on a motion. But in *A.I. Credit Corp. v. Legion Ins. Co.*, 265 F.3d 630, 637 (7th Cir. 2001), the court held that a Rule 30(b)(6) deposition is no more binding than any other deposition. ReallyBig would be free to offer a different answer, subject only to the not really so big impeachment value of its original response.

But binding or not, the courts still remain free to impose sanctions upon parties whose repeated "I don't know" amount to non-appearance. In *Kyoei Fire & Marine Ins. Co. v. M/V Mar. Antalya*, 248 F.R.D. 126, 152 (S.D.N.Y. 2007), the court entered an order precluding the defendant from offering evidence on the subjects its 30(b)(6) witness professed not to know anything about as a sanction for not knowing. And in *Banco del Atlantico, S.A. v. Woods Industries Inc.*, 519 F.3d 350 (7th Cir. 2008) the court dismissed Banco's case as a sanction when the witness was prepared to answer questions with talking points that were essentially doubletalk. Dismissal was Draconian, but "even Draco got it right every once in a while."

### ***We Could Keep Barking***

We have more to say than we can say in a single page. But understand this – Rule 30(b)(6) can be man's best friend for those who use it properly or a rabid disaster for those who do not.

# DISCOVERY

## Mistakes Happen

By Jerold S. Solovy  
and Robert L. Byman



Tallulah Bankhead mused “If I had to live my life again, I’d make the same mistakes, only sooner.” Mistakes happen. We expect to make them. We are better for having made them – after all, judgment comes from experience, but experience comes from lapses in judgment. We learn from our mistakes. If to err is human, we are Mother Teresa. So we should be forgiven our mistakes.

### **Rule 502 Forgives Our Mistakes**

In late 2008, President Bush (who might be a tad more human than average) signed into law Federal Rule of Evidence 502 – which ought to have been named the “Lawyers’ Relief From Mistakes Rule.” Rule 502 provides that the disclosure of privileged material does not waive the privilege if (1) the disclosure was inadvertent, (2) reasonable steps were taken to avoid disclosure, and (3) reasonable steps were taken to rectify the mistake once discovered. OK, good enough. But how are the courts going to define “reasonable?” Judge Michael Baylson – who happens to have been on the Advisory Committee which

drafted Rule 502 – has given us substantial guidance in *Rhoads Industries, Inc. v. Building Materials Corp. of America, et al.*, 2008 U.S. Dist. Lexis 93333 (E.D. Pa. Nov. 14, 2008).

Rhoads began preparing for litigation in February 2007. Recognizing that there would be extensive electronic discovery, Rhoads retained an IT consultant and purchased a software program (“Sherpa”) designed to identify responsive e-mails and screen for privilege. Rhoads did not actually run any searches before it filed suit in November 2007; indeed, no searches were run until January 2008, after the defendants had served the anticipated document requests. When the searches were run, Sherpa identified over 210,000 unique e-mails, some 2,000 of which were flagged as privileged. Rhoads did a refined search of the 208,000 supposedly non-privileged e-mails and narrowed the number of responsive documents to about 78,000. Rhoads’ counsel then conducted a manual review for certain – but not all – of the e-mail mailboxes from which the 78,000 universe was taken. The manual review identified some privileged messages which were pulled

and logged – and apart from those, the 78,000 e-mails were produced in May 2008.

If this were a movie, the camera would pan now on some object as ominous music crescendos; you would make a mental note that the players had missed something significant that will be revealed later. So imagine music. Dum. Dum dum. Dum dum dum, indeed. If the manual review of the selected mailboxes revealed that Sherpa had not fully screened for privilege, why did Rhoads produce the other mailboxes without some further review? If Rhoads appreciated the fact that it had to log the e-mails it had identified as privileged in the manual review, why didn’t it similarly log the 2,000 e-mails Sherpa had identified? Dum, dum, DUMMM . . . .

### ***If Disclosure Was Inadvertent – And Reasonable – There Is No Waiver***

OK, fade to the next scene. In June 2008, one of the defendants advised Rhoads that apparently privileged e-mails had been produced. Rhoads sprung into action. Within the next 25 days, Rhoads reviewed the entire 78,000 universe and

produced a new privilege log, listing 812 inadvertently produced, privileged e-mails that Rhoads demanded be sequestered and returned. Defendants asserted, of course, that the privilege was waived. Dum, dum, music builds again.

Defendants did not contend, so Judge Baylson did not need to contend with any question about whether the production was intentional – the parties conceded that production was inadvertent so the Judge simply had to determine whether Rhoads had taken reasonable steps before and after the inadvertent production. To analyze whether Rhoads had acted reasonably, the Judge adopted the five factors identified in *Fidelity & Deposit Co. of Md. v. McCulloch*, 168 F.R.D. 516 (E.D. Pa. 1996), as relevant on the issue of inadvertent disclosure of privileged material:

- (1) The reasonableness of the precautions taken in view of the extent of the production.
- (2) The number of inadvertent disclosures.
- (3) The extent of the disclosure.

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(4) Any delay and measures taken to rectify the disclosure.

(5) Whether the overriding interests of justice would or would not be served by relieving the party of its errors.

*Id.* at 522.

Judge Baylson leaned on a notable pre-Rule 502 case, *Victor Stanley, Inc., v. Creative Pipe, Inc.*, 250 F.R.D. 251 (D. Md. 2008), in which Judge Paul Grimm applied these factors to determine whether privilege was waived by the inadvertent disclosure of 165 documents missed in a software screen. The *Stanley* ESI (electronically stored information) amounted to more than 35 gigabytes (a gigabyte of Word or Outlook documents, on average, is about 100,000 printed pages); but 165 documents was, Judge Grimm found, more than a slip through the cracks. The use of software to screen for privilege was not, at least on the record presented, a reasonably sufficient precaution. The fact that the producing party did not catch its own error in the week – a week! – between the disclosure and notification by the recipient was not a reasonable after-the-disclosure rectification. Privilege was waived.

Whether because Rule 502 created a new, more mistake-friendly climate or because Judge Baylson is a bit less, well, grim than Judge Grimm, things came out a bit better for the privilege disclosers in Rhoads. Judge Baylson considered the same five relevant factors. But it was not a democratic process. Although Judge Baylson found that four of the five factors favored waiver, he nevertheless ruled for Rhoads on the 812 documents.

True enough, Rhoads had

taken the precautions of hiring a consultant and buying special screening software. But the keywords used were not up to the task, and the manual search revealed that the screen had holes in it. True enough, 812 out of 78,000 is a small percentage. But 812 is a big number, period. True enough, Rhoads acted quickly after defendants told Rhoads it had goofed. But Rhoads had more than a year before it began to search for documents. It was able to review all 78,000 documents in three weeks – while at the same time taking nine depositions – so the task was hardly enormous; Rhoads simply did not assign sufficient resources on the task until after its mistake was revealed. All of that favored defendants, favored disclosure.

But – cue the patriotic background music – the interest of justice, the preservation of privilege, Judge Baylson found, trumps the other factors. The 812 documents retain their privilege.

***But Rule 502 Won't Protect You From Failure To Follow Rule 26***

Ah, not so fast. Remember the 2,000 privileged documents Sherpa screened out from the initial search? Sure you do, the music got real loud when we talked about those. Rhoads pulled those out. But it didn't log them. When that fact was revealed at a November 5, 2008 hearing, Rhoads was ordered to – and did – produce a log a week later. Too late. For all of its compassionate excusal of lawyers' lapses, Rule 502 does not trump F.R.Civ.P. 26(b)(5), which requires that "When a party withholds information otherwise discoverable by claiming that the information is privileged . . . the party must . . . describe the nature of the

documents." Rule 26 requires a log. Judge Baylson did not go so far as to hold that "when" means at precisely the same time as the documents are withheld. But November was too late for documents withheld in May. The privilege was lost for the 2000 documents.

Well, maybe not. We're talking e-mail here. If I hand your letter to my partner I do not create a new document; the letter is unchanged. But if I forward your e-mail, I create a new, unique e-mail because the date sent and the person to whom I forward the message could be substantive and even if not is different than the original message. The 2,000 non-logged e-mails included mostly e-mail strings where some of the components were the same e-mails that had been logged when the 812 documents were identified. So Rhoads moved for clarification – was the privilege maintained if the waived document included documents that were not waived?

*First*, Rhoads asked about a category of e-mail strings in which the earlier messages were all previously logged but the latest reply or forward was not. Rhoads asserted that it should be allowed to produce the latest message while redacting out the earlier ones. *Second*, Rhoads asked about a category of strings in which the earlier messages had not been logged but the latest message – with the earlier messages – were logged. Rhoads asserted that by logging the latest message, it had adequately described the earlier components and therefore should have to produce them.

You win some, you lose some. Judge Baylson agreed that Rhoads could withhold the parts of the strings that had been previously logged; so category one documents could

be redacted, the privilege was not waived. But he denied Rhoads' argument in category two that it had protected the components by logging the latest version, because Rhoads failed to meet its independent obligation to log the components.

*Rhoads Industries, Inc. v. Building Materials Corp. of America, et al.*, 2008 U.S. Dist. Lexis 96404 (E.D. Pa. Nov. 26, 2008).

So here are a few lessons, courtesy of Judge Baylson. Mistakes happen. And you may be forgiven your mistakes – or not. Don't rely merely on software to screen for privilege. Don't forget to log – properly – anything you do withhold. When you hear ominous background music, go back and check again.

# DISCOVERY

## Let's Fix It

By Jerold S. Solovy  
and Robert L. Byman



"If it ain't broke, don't fix it." Great adage for toasters, but is that really the standard you want for, say, airplanes? Let's not worry about fixing the plane until it breaks down in flight? Um, no, no thank you, we want to fly the airline that understands that important things need maintenance – fixing – *before* they break and crash. We think our civil justice system is one of those important things. And we think it needs some fixing.

That isn't just our personal opinion. On March 11, 2009, a Report was issued by the Joint Project of The American College of Trial Lawyers (ACTL) and The Institute for the Advancement of the American Legal System. The Report – based upon an extensive, careful survey of a large number of ACTL Fellows – concludes that our civil justice system is not quite broken but in serious need of repair; it concludes that our discovery system *is* broken. The Report proposes some carefully thought out principles to guide the rule makers to make the system right.

### *The Survey – Is There A Real Problem?*

We'll return to our program after these brief messages from our sponsors. The Institute is a part of the University of Denver dedicated to improving the process and culture of the civil justice system; the Institute's Executive Director, Rebecca Love Kourlis, is a former Colorado Supreme Court Justice and trial judge. Fellowship in the ACTL is extended by invitation only to the best trial lawyers, whose careers have been marked by the very highest standards of professionalism and civility.

In 2007, the ACTL and the Institute teamed up to determine whether we have a problem. Together, they developed a survey designed to elicit views on the efficacy of the civil justice system. The survey contained more than 70 questions, ran 29 pages, and warned that it would take 20-25 minutes to complete. Despite that daunt, an impressive 42% return rate was achieved – nearly 1500 ACTL Fellows completed it. The respondents were all active civil trial lawyers, with an average of 38 years of experience trying cases; approximately 24% of the respondents represent plaintiffs exclusively; 31%

represent only defendants; 40% primarily try large commercial disputes; less than 20% of the respondents practice primarily in Federal courts. In sum, the respondents have substantial, balanced experience trying cases in both Federal and State courts.

### *Is There A Problem? You Betcha*

Overall, the respondents overwhelmingly agreed that the current system is too expensive and time-consuming, and that potential costs impact access to the courts. Eighty one percent said the civil justice system is too expensive; 69% said that the system takes too long; 68% agreed that cost inhibits the filing of cases. Only 23% concluded that the civil justice system is actually broken; but 63% find that the system works better for certain types of cases, such as general tort cases, and not so well for other types of cases, such as ERISA and labor matters.

Less than 44% of the respondents believe current discovery mechanisms work well. 56% said that the time required to complete discovery is the primary cause of delay in the litigation process, and 87%

agreed that discovery is too expensive. Significantly, 65% of those surveyed believe that the Federal Rules of Civil Procedure are *not* conducive to meeting the noble goal of Federal Rule 1 -- a "just, speedy, and inexpensive determination of every action."

### *So How Do We Fix It?*

We don't mean to single out Federal to the exclusion of the states, but our space is limited so, well, let's single out the Federal Rules of Civil Procedure. Those Rules were adopted by US Supreme Court Order dated December 20, 1937 (with Justice Brandeis dissenting) effective September 16, 1938. If the Rules had stopped with Rule 1, we might have been just fine: "These rules . . . shall be construed to secure the just, speedy and inexpensive determination of every action." But there were other rules. And amendments to the rules. Rule 1 itself has been amended three times, all language changes which do not alter its substance; but other rules have been added and subtracted and tinkered and fiddled with – and the tinkers are somewhat exponential. In the first third of the Rules' life,

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from 1937 through 1961, there were six sets of amendments; from 1962 – 1986, eleven; from 1987 to date, fourteen.

There's nothing wrong, of course, with amending. But amending is a mindset – it presupposes that what you started with is still mostly right, just needs a little adjustment. The ACTL and the Institute decided that maybe a different approach was needed. Instead of looking at existing rules and offering tweaks, they decided to offer a unified set of proposed principles, some of which are a radical departure from the present, not terribly functional system – principles designed to start a dialog which could form the basis for amendments perhaps – or for starting from scratch and designing a new paradigm.

We are lawyers. *Stare decisis* is in our DNA. We are deliberate, thoughtful. We change slowly if at all. We like our box. We do not like to think about what is outside of it. But what if we didn't have the Federal Rules? If we woke up tomorrow with no rules and no institutional memory, would we create a set of rules that look like what we have now? We don't think so. We think that the thoughtful principles set out in the ACTL/Institute Report would lead to a very different, very more functional set of rules.

### ***The Principal Principles***

We don't have the space to describe all of the proposed principles – you can, and should, find the complete Report on the ACTL website at [www.actl.com](http://www.actl.com). But let's highlight a few highlights.

***One size does not fit all.*** It is democratic, but not economic, to apply the same rules to all cases. Most states have different rules for small

claims but otherwise have pretty much uniform rules; the Federal rules make almost no distinctions among types of cases. But different types of cases may benefit from different types of rules.

***Litigants should plead facts.*** The concept of notice pleading pre-dates the Federal Rules; it was introduced in 1912 with the adoption of the Equity Rules and was designed “to simplify equity pleading and practice, and, with respect to the former, to dispense with prolix and redundant averments which had made equity pleading an outstanding example of unnecessary elaboration.” *Mumm v. Jacob E. Decker & Sons*, 301 U.S. 168, 170 (1937). But over the past century, our desire to eliminate unnecessary elaboration has led to games of hide the pea. Sixty one percent of the survey respondents said that notice pleading requires more discovery; 64% said that fact pleading can narrow the scope of discovery.

The ACTL/Institute principle, therefore, advocates the modest proposition that pleaders should include the material facts that are known to them at the time they plead. No particular extra cost to the pleader – but substantial savings to the responder and to the system.

***Discovery should be proportional.*** This is a major departure long overdue. Why should a litigant be presumed to be entitled to take 10 seven hour depositions (the present default in Rule 30) in every case? Let's do the math. The plaintiff has an alleged claim of \$75,001. He serves 10 deposition notices. Efficient as you are, with preparation and actual deposition time at your hourly rate of \$300, that's going to cost your client at least \$40,000; and it would be all but

malpractice for you to give up 10 depositions without taking one or two on your own, so figure \$50,000 – just for depositions! Your client can't afford to defend this case – so you cave to the extortion and settle the case. The system has let you down.

The cost of discovery ought to be proportional to the stakes involved; it should not exceed a reasonable fraction of those stakes. To be sure, there are cases where the stakes cannot be measured simply in dollars, but proportionality need not be a strict mathematical formula. The mind set simply has to change from unlimited discovery to proportional discovery.

***That's Right. We need to change the default mind set from unlimited discovery to limited discovery.*** So we save the best, the most radical, for last. Fewer than half of the survey respondents think that the present discovery system works well; 71% think that discovery is used to force settlement; 45% think discovery is abused *in every case*; 75% agree that discovery costs, as a share of total litigation costs, have increased disproportionately due to e-discovery.

Why is the default unlimited discovery? Why do we not bat an eye that criminal cases are tried without depositions or interrogatories and with limited document production – but we have come to assume that it is our God-given right to demand every piece of paper and every byte of data remotely relevant to a civil case? The ACTL/Institute principles suggest a more rational approach – and a complete shift in the default from unlimited to limited. As soon as practical after the litigation is commenced, the parties should exchange all

reasonably available non-privileged things that may support a claim or defense. Further discovery should be limited to information that would enable a party to prove or disprove a claim or defense. And no further discovery should be allowed except on a showing of good cause and proportionality.

### ***Chew On It***

This is a lot to chew on – and maybe difficult to swallow on first bite. But the whole purpose of the Report is to stimulate thinking. So let's do that. Let's ink about stopping doing what we have been doing simply because we have been doing it all our professional lives. Let's fix our civil justice system now. Let us know what you think.

# DISCOVERY

## Consequences

By Jerold S. Solovy  
and Robert L. Byman



Mark Twain observed that a man who sets out to carry a cat by its tail will invariably learn a thing or two about consequences. In an order issued May 5, 2009, Magistrate Judge James Francis took that observation to a practical level for us practitioners:

“Consequences flow from an attorney’s unilateral decision not to appear for a deposition.”

Edmonds had noticed Seavey’s deposition for Monday, April 20, 2009. But at 5:17 p.m. on Sunday, April 19, Edmonds’ lawyer, Haywoode, sent an e-mail to Seavey’s counsel, Traub, advising that the deposition was cancelled “due to obstructions in the discovery process.” *Edmonds v. Seavey*, 08 Civ. 5646-HB-JCF (S.D.N.Y. Memorandum Opinion May 5, 2009). Now, in the day, late Sunday afternoon notice would have been about as effective as the laws posted by Nero at the top of 12-foot tall pillars; but we live in the age of the Blackberry and instant access. Traub actually got the message, in real time, and nine minutes later responded (we’re paraphrasing, no doubt unfairly, but words to the

effect) “Screw you, we won’t cancel the deposition.” Haywoode lobbed back another link in the e-mail chain, saying (we love to paraphrase) “what part of ‘cancelled’ don’t you understand? No deposition tomorrow.” But Traub refused to take cancelled for an answer; he and Seavey appeared as originally scheduled the next morning for the deposition. Traub followed Haywoode’s no-show with a motion for sanctions under F.R.Civ.P. 30(g), which allows a party to recover reasonable fees and expenses if the noticing party fails to attend and proceed with a deposition as noticed.

### *No-Show Is No-Go*

OK, raise your hands if you’ve ever seen, much less brought, a Rule 30(g) sanctions motion. There haven’t been a whole lot of them. We all know that if we don’t show up for a deposition noticed against us, we face all sorts of potential grief under Rule 37. But sanctions for deciding to withdraw discovery that we noticed ourselves? You betcha. Rule 30(g) is there and in your face. If you don’t show for a deposition you noticed, you may be sanctioned.

Rule 30(g) is the no-fault divorce of sanctions rules. It doesn’t measure animus or offense and doesn’t turn on the quality of the reason for not showing up; it simply says that if you don’t show up, you may be sanctioned. The Rule as written has no escape clause for giving reasonable notice of cancellation, but it does say that sanctions “may” be awarded under Rule 30(g), so the court has broad discretion whether to do so, and the amount of notice and the circumstances of the failure to attend come into play. “Courts allow the award of attorney’s fees and expenses where the party noticing the deposition fails to attend *and does not deliver sufficient notice of cancellation to the other.*” *Donini Intern., S.P.A. v. Satec (U.S.A.), LLC*, 2006 U.S. Dist. LEXIS 11416 (S.D.N.Y. Mar. 16, 2006) (emphasis added).

So what is sufficient notice? In *Donini*, oral notice of cancellation two days prior to the deposition was just fine. But that presumes that the notice was actually received two days before. In *Root Bros. Farms v. Mak*, 2007 U.S. Dist. LEXIS 71260, 24-25 (S.D.N.Y. Sept. 25, 2007), notice was given two days prior – but left

via voicemail the Saturday before a Monday deposition. Not good enough, reasoned the Court, “for the simple reason that it is generally known that the vast majority of individuals do not check office voice-mails on weekends and holidays.” (That Court has a kinder, gentler notion of leisure time than the people we work with, but there you have it.)

Even the day before may be sufficient notice of cancellation. In *Luna Gaming-San Diego LLC v. Dorsey & Whitemy, LLP*, 2009 U.S. Dist. LEXIS 5906 (S.D. Cal. Jan. 27, 2009), noticing counsel complied with Rule 30(g) to the Court’s satisfaction by notifying all parties the afternoon prior to a deposition that it would have to be rescheduled due to the attorney’s sudden illness. Now, that attorney was not so ill as to lack the composure to advise both the parties and the Court of the problem, and to throw in that he would voluntarily reimburse the travel expenses of the witness who had flown in for the deposition. So the attorney, in essence, self-sanctioned himself – a fair result and far better than having an order entered.

But one day is probably

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not enough where the notice of cancellation is ambiguous. In *Pine Lakes International Country Club v. Polo Ralph Lauren Corp.*, 127 F.R.D. 471, 472 (D.S.C. 1989), the canceller called the cancellee's law firm the day before the deposition, but simply left a message that it was urgent that he call back. The cancellee did not call back and got on a plane instead. Since the canceller retained the burden of cancelling, sanctions were awarded.

### ***Notice Must Be Timely And Reasonable***

So let's get back to Haywoode. Judge Francis found that sanctions were appropriate – *assessed personally against Haywoode himself* – because cancellation the night before was not timely and the reason given by Haywoode for cancelling was, the Judge found, pretextual. Haywoode argued that he was forced to cancel because Traub hadn't supplied documents Haywoode needed to conduct the deposition. But Judge Francis didn't buy that, because Haywoode never explained what it was about the documents that would have aided the deposition. Judge Francis has now invited briefing on the amount of the sanction, and Traub has submitted papers seeking to have Haywoode write a check for about \$4200. Oh, and that's not all. The discovery cutoff has passed, so Haywoode will not get that deposition of Seavey unless he gets dispensation.

Now, as Yogi Berra said, "it ain't over 'til it's over," and it ain't over just yet for Haywoode. He has moved to extend the discovery cutoff; he has objected to the Magistrate's order to the District Judge.

Maybe Haywoode will be dealt compassion on his inside straight draw. But in arguing his case, he has provided the District Judge with "a more fulsome and detailed account" of the facts. Uh-oh. Now he not only needs compassion, but a judge who doesn't know what "fulsome" means.

### ***Fulsome Misprision***

Danger, Will Robinson, danger. Tangent alert. This has absolutely nothing to do with discovery or the point of this column, but we feel compelled to offer a public service here, though it may be too late for Haywoode. Ask 1000 people what fulsome means and 20% will have no idea; 20% will guess, a few of them right, most of them wrong; 10% will get it right; and 50% will get it wrong (50% of all statistics, of course, are made up, but this is close). We know that you, personally, are among the 10% of the cognizanti (is that a word? Well, if not, it should be); but Mr. Haywoode is apparently with the majority of folks who think that fulsome is a good thing, that it means something like "ample" or "more full" or "more complete." It does not. Actually, the definition of "fulsome" accepted by most language authorities is "disgusting or offensive, excessive or insincere." Unctuous.

So do the math – you have already offended the Magistrate sufficiently to impose sanctions against you and you appeal to the District Judge by saying "let me be insincere" and you expect help? Good luck.

### ***Hey, Would You Learn From Haywoode?***

Judge Francis noted that Haywoode's best argument was

one he had not made – that any expenses incurred by Seavey and Traub were simply the product of their obstinate insistence on appearing for a deposition they knew had been cancelled. Indeed, the deposition had been noticed to occur at Traub's office, so unless he had planned to take the day off, his "appearance" was not much of an imposition. But Haywoode need not have made that argument, since the Judge tossed it up and batted it away on his own. "A party that cancels on the eve of a deposition multiplies the costs of preparation even if the adversary does not incur the expenses of travel."

Whether or not Mr. Haywoode's sanctions ship has sailed, we can learn a few things here. Don't pick up cats by the tail unless you are prepared for the consequences. Don't cancel depositions at the last minute on pretext. And for goodness sake, don't be fulsome.

# DISCOVERY

## Discover Yourself

By Jerold S. Solovy  
and Robert L. Byman



“A jury,” Mark Twain observed, “is comprised of twelve persons of average ignorance chosen to decide who hired the better lawyer.” Yes. True. We want our juries to start out ignorant of the facts, so that they will decide the case on the facts actually in evidence, not on facts that they learn from independent research, since “extra-record influences pose a substantial threat to the fairness of the . . . proceeding because the extraneous information completely evades the safeguards of the judicial process.” *United States v. Resko*, 3 F.3d 684, 690 (3d Cir. 1993).

But how do we ensure that? Our columns on this page over the past 10+ years have focused on discovery – the discovery we take as lawyers. But at a recent CLE program created by our friend Phil Kessler for the American College of Trial Lawyers, we were hit smack up the side of our face with a troubling thought that had not occurred to us: The lawyers aren’t the only ones

doing discovery. Jurors have the tools – and they are using them – to discover all sorts of things about us, about our cases, about our witnesses. The information age makes finding those 12 ignorant persons – and keeping them ignorant – a daunting and maybe impossible task.

### *This Is Not a New Problem, Just a Bigger One*

A juror doing outside research is not a new or unusual phenomenon. In *Fitzpatrick v. Allen*, 410 Mass. 791 (1991), the court ordered a new trial when it was learned that a juror had brought a medical reference book into the jury room in a medical malpractice case. In the classic 1957 movie, *Twelve Angry men*, the state had argued – without contrary evidence – that the defendant was known to have owned the relatively unique murder weapon, a pearl handled switchblade stiletto. Unique? Henry Fonda neatly persuaded his fellow jurors otherwise by

reaching into his pocket and plunging an identical knife into the table.

The concept hasn’t changed, but, boy, have the times and means. Not so easy to bring a knife into a courthouse any more. But weapons aside, the access that the average juror has to information may have multiplied beyond our practical ability to prevent. In a mere five minutes of internet research, we learned that 74% of Americans use the internet. <http://www.internetworldstats.com/top20.htm> 85% of adult Americans own cell phones. <http://www.switched.com/tag/study/> On average, we make 204 cell phone calls a month – but we average 357 text messages.

[http://news.cnet.com/8301-1035\\_3-10048257-94.html](http://news.cnet.com/8301-1035_3-10048257-94.html) Twenty percent of on-line Americans twitter, and the rest of us probably will soon, as soon as we figure out what tweeting is. [http://news.cnet.com/8301-1035\\_3-10048257-94.html](http://news.cnet.com/8301-1035_3-10048257-94.html).

And here’s the thing about the internet. All those lovely statistics. 74%! 85%! 357 text messages per month! We take these things as facts simply because they are out there. Never mind that these postings may be typos or mistakes or outright lies. Your average juror will take the internet as gospel.

Welcome to the Twenty-first century. During a break – or even right there in courtroom where cell phones are allowed – a juror can use her iPhone to learn all sorts of things about you, your witnesses, and the case that the judge would never allow in evidence. At home at night, the juror can do more extensive research on her computer.

### *You Are On The Internet, Warts and All*

Go Google yourself. Not out of vanity, but out of caution. And we’re not just talking about those of you who have lived really interesting – and incendiary – lives, whose Google

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searches will reveal adultery, cross-dressing, treason, whatever; no, even those of us whose lives are vanilla and mundane have stuff that might rub individual jurors wrongly. Now, we know a lot of judges who won't let us inquire about a juror's politics in voir dire; and we understand why. But the jury can voir dire *you* on that subject. If you have ever given money to a candidate, your Google search will have a link to a site like <http://www.campaignmoney.com/political/contributions/>, where your red state conservative juror will see that you gave money to Barack Obama and Hillary Clinton, but not a cent to Sarah Palin. Or maybe you gave money to both parties. But a lot of money, maybe more money than your juror earns in a year. Your website probably has an extensive marketing bio of you, and you proudly list the civic organizations that you are involved in. You should be proud that you are on the board of the local chapter of Planned Parenthood, or the NRA, or Alcoholics Anonymous, or the Sierra Club. But what buttons might that push for an individual juror?

You may also find to your great pleasure or chagrin that you have been listed on one of the numerous lawyer-rating sites that have popped up, like <http://www.avvo.com/attorneys/> or <http://www.lawyerratingz.com>. Pleasure if the postings are things like "He's the

best! I highly recommend him to anyone who's looking for a winner!! He's trustworthy, knowledgeable and cares for his clients;" or chagrin if "He's a terrific attorney – if you like paying in excess of \$500 per hour . . .and at the end of the day get a plea bargain-after you run out of money, he's your guy."

If you have not lived under a rock, you will find yourself on the net – and so will your jury. Courts routinely instruct juries that they should not read press accounts, should not do independent research. That fixes the problem, right? Maybe. Maybe not.

Let's talk human nature. We crackberry addicts, we cell phone abusers, we internet junkies, we believe it is our God-given right to be connected. Can we really expect a person to keep his cell phone and computer turned off because the robe says so? OK, yes, we can and should expect that. But all 12? Twelve addicts, and not one of them will give into the urge? As Oscar Wilde said so well: "I can resist anything, except temptation." You can *expect* the entire jury to follow the judge's instruction – but you had better *plan* for the possibility that they won't. As the Arabian proverb cautions: "Trust in Allah, but tie your camel."

***Trust In Allah, But Tie  
Your Camel***

So, first, trust Allah, but offer her some guidance. If

the judge simply says "I order you not to use your cell phone," you can expect a little mutiny from the jurors. So suggest to the judge that she explain and soothe "we understand that it will be an imposition to ask you not to use your computer or cell phone during the trial, but we do it to make sure that this trial is fair. You are sworn to decide this case on the evidence that we all hear in the courtroom, not on something that one of you hears or sees outside. And we do that for a very good reason. Evidence in the courtroom is subject to challenge and cross examination; it is subject to my ability to decide that it is authentic and real. What you see on the internet cannot be cross examined or explained; what you see on the internet – or what some friend might text or e-mail you – may or may not be true."

Second, find out about your camel. Does the juror have a blog? Is she a twitterer? If so, do you really expect a person who posts what he thought of his lunch not to post what he is thinking during the trial? Find out his blog site; ask the judge to tell him that he should not blog or twitter, and ask the judge to instruct that the site is subject to being checked to ensure that the instructions are being followed.

Third, get ready for other camels. Check out your own personal Google hits and web bio; better yet, have someone else do it to

objectively point out possible irritants. Sorry, the internet is forever. But clean up what you can.

Fourth and most important, assume that none of the first three steps will work, and game plan for that very real possibility. Rethink motions in limine. Back in the day, if there was some irrelevant but annoying fact you didn't want the other side to blurt out, like, say, that your client is a zillionaire, you would file a motion. But now, you have to plan for the possibility that a juror will find that fact on his own. Or, worse, that a juror will get on Pacer, look at the court file, and report to her fellow jurors that not only is the defendant a zillionaire but his sneaky lawyer filed a motion to keep that fact from the jury. So rethink motions in limine; you may be far better off to forego the motion and front the issue with the jury.

Rethink everything. You are being watched.

# DISCOVERY

## You Can't Hide Your Lyin' Ayes

By Jerold S. Solovy  
and Robert L. Byman



*You can't hide your lyin' eyes  
And your smile is thin disguise  
I thought by now you'd realize  
There ain't no way to hide your  
lyin eyes*

- Don Henley / Glenn  
Frey 1975

He is being deposed, your client, and he is asked "Did you come to a full and complete stop before you entered the intersection?" "Yes," he answers, "Aye, Si-Si, Da, Oui, Yes, I stopped. Absolutely." You are mildly, no make that wildly, surprised at the answer, since your client had previously admitted to you during preparation that he never saw the stop sign or the car he plowed into because he was busy looking for the cell phone he had just dropped; you took pains to tell him that the facts were not good, and he is likely to have to write a big settlement check. So he apparently decided on his own to gussy the facts up a bit. Your client is a big fat liar. But you know that only as a result of a privileged

communication. What can, what should you do? Can you hide his lyin ayes?

If you happen to live and work in New York or any state that likes how New York does things (okay, that's not many states, but those few are populous), the answer was, until recently, Yes – Aye – Yes, you can hide the lie. But recently, on March 1, 2010, the New York County Committee on Professional Ethics issued its Opinion 741. The answer now is No, No, Nyet, Mais Non.

### *You Have A Duty To Disclose Perjured Testimony*

Now, it has long been understood that if the client cannot be persuaded to do so himself, a lawyer has a duty to disclose known perjury to the tribunal before which perjured testimony is submitted. *ABA Formal Opinion 87-353* (April 20, 1987). But a deposition is not testimony before a tribunal unless or until it is submitted as evidence; so in

1996, when the New York County Ethics Committee issued its Opinion 712, it was quite clear that a lawyer could not disclose that a client had perjured himself in a deposition:

A lawyer whose client advises him, after being deposed, that some of his testimony was untrue may continue the representation so long as he does not knowingly use any of the perjured testimony. If, however, the false testimony is so critical to the case that the lawyer could not effectively defend or settle without using it, the lawyer must withdraw. The client has rejected the lawyer's advice to correct the deposition transcript or otherwise rectify the fraud. The lawyer may not reveal the falsity, as it is a confidence or secret.

So if your big fat lying client said Aye in 1996 or any time up through March of this year, your course was

clear. You could not repeat or use the Aye. The Aye was probably so critical to the case that you would have to withdraw. But you would have withdrawn quietly; you could not reveal the lyin Aye to new counsel or anyone else.

That was then, this is now. As of March 2010, with the issuance of Ethics Opinion 741, your course is equally clear, but dramatically different. Now "a lawyer is required to remedy the false testimony." Remedies include reasoning with the client to himself correct the false statement; but if all else fails, the remedy is to disclose the false testimony. Withdrawal is not an option. "Withdrawal, without more, does not correct the false statement, and indeed increases the likelihood that the false statement, if unknown to the substituting attorney, will be presented to a tribunal or relied upon by the adverse party." *NYCLA Prof. Ethics Comm. Formal Op. 741*, p. 4 (March 1, 2010).

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The guidance is clear, if not altogether comforting. The Opinion provides lawyers with a clear definition of their *ethical* obligation to disclose a lie; but the Opinion does not, could not release those same lawyers from their *statutory* obligation to maintain client confidences. N.Y.C.P.L.R. §4503 (“Unless the client waives the privilege, an attorney . . . shall not disclose, or be allowed to disclose such communication.”) The New York County Ethics Committee acknowledged the “apparent contradiction” between their opinion and the statute but considered the resolution of that contradiction beyond its purview.

Luckily, while the County was parsing purview, the State was a bit more helpful. In *New York State Bar Committee on Professional Ethics Opinion* 837 (March 10, 2010), the State Committee noted that the statutory prohibition on disclosure “takes precedence over the [Ethics] Rules because the Rules are court rules rather than statutory enactments.” But the statute, the State Committee observed, is limited to the introduction of privileged material into evidence. So a lawyer cannot disclose his client’s lie in testimony or other evidentiary form; but he is not precluded from going to the tribunal or an adverse party, if necessary, to remedy the client’s false testimony.

So there you have it. If you know your client has

given false deposition testimony, you must urge him to correct the testimony. If he will not, you must bring the falsity to the attention of the Court.

### ***How Do You Know Testimony is Perjured?***

Everyone knows that Marconi invented the radio; Sir James Dewar the thermos bottle. So as the Italian and the Englishman argued over which was the most innovative, the Italian spouted “The radio, of course; the idea of transmitting voices without wires was the greatest single leap in modern technology!” “Rubbish,” replied the Englishman, “the thermos keeps hot things hot, cold things cold. How does it know?”

How do we *know* when our clients testify falsely at a deposition? In the context of whether an attorney has a duty – or right – to disclose *potential* perjured court testimony, various jurisdictions have articulated various standards. Delaware courts have required that an attorney have knowledge “beyond a reasonable doubt” that a client intends to commit perjury before disclosing anything to the Court. *Shockley v. State*, 565 A.2d 1373, 1379 (Del. 1989); Pennsylvania courts, however, have required as little as a “firm factual basis.” *State ex rel. Wilcox v. Johnson*, 555 F.2d 115, 122 (3d Cir. 1977). Minnesota courts have adopted a “clear expression of intent” standard. *United*

*States v. Long*, 857 F.2d 436, 445 (8th Cir. 1988). Illinois courts require a “good faith determination.” *People v. Calhoun*, 351 Ill. App. 3d 1072, 1082-1087, 815 N.E.2d 492 (4th Dist. 2004); *People v. Bartee*, 208 Ill. App. 3d 105, 566 N.E.2d 855, 857, (2d Dist. 1991). Hawaii and Colorado courts require counsel to engage in an independent investigation of the facts before determining the defendant’s anticipated testimony will constitute perjury. *See, e.g., State v. DeGuzman*, 68 Haw. 14, 701 P.2d 1287, 1291 (Haw. 1985); *People v. Schultheis*, 638 P.2d 8, 11 (Colo. 1981).

But whatever the standard, it need not, should not be applied easily or often. “Counsel must act if, but only if, he or she has ‘a firm factual basis’ for believing that the defendant intends to testify falsely or has testified falsely. . . . It will be a rare case in which this factual requirement is met. Counsel must remember that they are not triers of fact, but advocates. In most cases a client’s credibility will be a question for the jury.” *Whiteside v. Scurr*, 744 F.2d 1323, 1328 (8<sup>th</sup> Cir. 1984). In *Nix v. Whiteside*, 475 U.S. 157 (1986), the Supreme Court emphasized the necessity of caution on the part of counsel in determining whether a client has or will commit perjury. In concurring opinions, Justice Stevens advised: “A lawyer’s certainty that a change in his client’s recollection is a harbinger of

intended perjury . . . should be tempered by the realization that, after reflection, the most honest witness may recall (or sincerely believe he recalls) details that he previously overlooked.” *Id.* at 190-91; and Justice Blackmun observed that “except in the rarest of cases, attorneys who adopt ‘the role of the judge or jury to determine the facts’ . . . pose a danger of depriving their clients of the zealous and loyal advocacy required by the Sixth Amendment.” *Id.* at 189.

So you have to *know*, not think, not suspect, not merely believe, that your client has committed perjury. But if you know, you have to act. We can’t say it better than the Eagles did: You can’t hide your lyn ayes.

# DISCOVERY

## Certifiable

By Jerold S. Solovy  
and Robert L. Byman



*“There’s more evidence to come yet, please your Majesty,” said the White Rabbit, jumping up in a great hurry; “this paper has just been picked up.”*

*He unfolded the paper as he spoke, and added “It isn’t a letter, after all: it’s a set of verses.”*

*“Are they in the prisoner’s handwriting?” asked another of the jurymen.*

*“No, they’re not,” said the White Rabbit, “and that’s the queerest thing about it.” (The jury all looked puzzled.)*

*“He must have imitated somebody else’s hand,” said the King. (The jury all brightened up again.)*

*“Please your Majesty,” said the Knave, “I didn’t write it, and they can’t prove I did: there’s no name signed at the end.”*

*“If you didn’t sign it,” said the King, “that only makes the matter worse. You MUST have meant some mischief, or else you’d have signed your name like an honest man.”*

*Alice’s Adventures in Wonderland, Charles Lutwidge*

Dodgson (Lewis Carroll) (1865).

Signatures matter – to fairy tale Kings and to real judges. When you or your client sign – and *certify* – the completeness of a discovery response, the certification can take on significance that becomes case dispositive. And in the digital age, we need to rethink how we certify.

### **We Are Required To Certify Discovery Responses**

We live in a state that requires that the completeness of discovery responses be affirmatively attested to: “The party producing documents shall furnish an affidavit stating whether the production is complete in accordance with the request.” *Ill. S. Ct. Rule 214*. And the Federal Rules, of course, impose the same obligation: “By signing, an attorney or party certifies that to the best of the person’s knowledge, information, and belief formed after a reasonable inquiry: (A) with respect to a disclosure, it is complete and correct as of the time it is made.” *F.R.Civ.P. 26(g)*. And if the Rule were not clear enough, it has become increasingly common for parties to request – and for

courts to grant – an express certification of completeness over and above the certification already explicit in Rule 26(g). *See, e.g., Morris v. GMC*, 2010 U.S. Dist. LEXIS 25562 (E.D. Mich. Mar. 12, 2010) (granting plaintiff’s motion to require certification that “production was complete.”)

And here is the problem. When we certify that production is complete, we use the word “complete.”

*“When I use a word,” Humpty Dumpty said in rather a scornful tone, “it means just what I choose it to mean -- neither more nor less.”*

*“The question is,” said Alice, “whether you can make words mean so many different things.”*

*“The question is,” said Humpty Dumpty, “which is to be master – that’s all.”*

*Through the Looking-Glass, and What Alice Found There, Lewis Carroll (Charles Lutwidge Dodgson) (1871).*

When you use the word “complete,” it does not much matter what you chose it to mean, because you are not the master – the judge is. And if

the judge does not agree with what you conclude to be complete, watch out. Judges, strange creatures that they are, do not like to be told things – to have things *certified* to them – that turn out not to be so. They tend to enter sanctions when they are misrepresented to.

The Ninth Circuit recently explained “why misrepresentation cannot be taken lightly: The vice of misrepresentation is not that it is likely to succeed but that it imposes an extra burden on the court. The burden of ascertaining the true state of the record would be intolerable if misrepresentation was common. The court relies on the lawyers before it to state clearly, candidly, and accurately the record as it in fact exists. . . . [T]he court need not find squarely intentional conduct to impose serious discipline pursuant to Rule 46(c) for misrepresentations made to the court.” *Thomas v. Girardi*, 611 F.3d 1027 (9th Cir. 2010) (citations omitted).

In *Kinetic Concepts, Inc. v. Convatec Inc.*, 2010 U.S. Dist. LEXIS 46976, 53-55 (M.D.N.C. May 12, 2010), the court deferred for later whether to actually impose sanctions on a certifying attorney, but set the bar that attorney – and maybe

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all of us – may have to meet: “The certification requirement in Rule 26(g) thus obliges each attorney to stop and think about the legitimacy of a discovery request, a response thereto, or an objection. . . . By signing a Rule 26(g) certification, an attorney certifies that [he or she] has made a reasonable effort to assure that the client has provided all the information and documents available to [the client] that are responsive to the discovery demand. . . . This provision *mandates* that sanctions be imposed on attorneys who fail to meet the standards established in the first portion of Rule 26(g)” (internal citations omitted).

But certifying that production is complete in this digital day is certifiable. Do not, we counsel you, certify that production is “complete.”

***But Certifying That  
Production Is Complete Is All  
But Impossible***

The problem with certifying that production is “complete” is that “complete” is an unachievable goal in any complex litigation involving electronically stored information spanning any significant time period.

It is simply too complicated, if not too expensive, to achieve perfection in e-discovery. There simply are too many places to look and too many opportunities to overlook something. You are bound to fail somewhere.

Take a simple commercial case. Ten employees of your client were involved in the five year relevant run up to the lawsuit: Six worker bees, three drones, one queen. On average, say, each of the six bees generated one relevant spreadsheet or report per

month. So 6 bees times 50 weeks (they get vacation) times 5 years equals 1,500 documents. Not so hard, huh? Ah, but each document was e-mailed to the other 5 bees with copies to the drones. So there is a document plus a separate e-mail describing the document sent to 8 recipients. And our 1 document per week per bee creates not 1,500 but 27,000 documents for the hive. But nobody lets an e-mail go unanswered. Sometimes a recipient bee would just respond, reply to all, “Thanks.” Followed by a “you’re welcome.” But sometimes the buzzing was substantive. “What was the reason for the decline in August sales from last year,” the receiving bee asks? The initial bee answers; the other bees offer observations, refinements, bon mots. The spreadsheet is revised. Re-revised. The drones report to the queen. The queen probes. The drones follow up with the bees. One document per bee per week easily becomes hundreds of thousands of unique documents.

And you can’t gather all of that honey by simply going to the hive. Some of the documents are on personal computers. Some are on home computers, Blackberry’s, cell phones and flash drives. Some are on shared drives at the hive; some are available only on back-up tapes off-site.

And the specific honey you need is buried in a honeycomb of other data. Each bee spent 25% of their time on the relevant transaction; the drones 10%; the queen, 1%. So the stuff you need is hidden amongst a vastly larger universe. It is humanly and apianly impossible to look at the millions of documents in the universe to find the relevant ones, so you have to use search

terms. And no search terms are perfect.

You are going to miss something no matter how hard you try. And that’s a simple case. Life is not so simple.

***So Certify Facts, Not  
Conclusions***

So before you reach for that form book and fill out a certification of completeness, think of this. Instead of representing to the Court the conclusion – which is almost certainly wrong – that production is complete, tell the Court – and opposing counsel – the facts. Set out exactly what you have done and explain why those efforts are a good faith response. For example, “We identified the ten custodians listed on Exhibit A who are most likely to have generated or received responsive documents. At the time that the litigation hold was put in place, our systems retained data from May 15, 2007 forward. We searched for backup tapes to cover the period from January 1, 2004 through May 15, 2007. Despite a diligent search for tapes we were unable to locate tapes for certain custodians and certain periods as more fully described in Exhibit B. After restoring the available backup tapes, we applied the search terms listed on Exhibit B to export responsive documents.”

Your opponent, and perhaps the Court, may not agree that the steps you have taken are complete. They will ask you to do more. Fine. Negotiate. But do it in the sunshine. No one can sanction you for misrepresenting if you set out the facts rather than a naked conclusion. Anything else is certifiable.

# DISCOVERY

## The Paper Rule

By Robert L. Byman



Hemingway said that “as one gets older it is harder to have heroes, but it is all the more necessary.” As I have gotten older, Jerry Solovy remained a constant – he was my hero. Jerry passed away on January 19, 2011 at the age of 80. I knew him for only 42 of those years, as my mentor, my partner, my co-author, and most of all, my friend. It is neither cliché nor hyperbole to say he was a giant. He gave us all so much; he left having so much left to give. He will be greatly missed and always remembered. – Bob Byman

Until about five years ago when urban renewal finally did it in, there was this store on the way from our office to the Courthouse that had been going out of business for more than 30 years. “Everything Must Go!” the banners screamed. “Absolutely, Positively the Last Day to Save!!!” they trumpeted. Last day, except of course, for the next day – and 30 years of next days.

Alas, we have rules like that, rules that roar but are paper tigers. Behold F.R.Civ.P. 36. Serve a request

to admit a fact. The fact is admitted “unless objected to or denied WITHIN 30 DAYS!!!” Absolutely! Not a day more! Except, of course, that the Court can extend the deadline. “A matter admitted under this rule IS CONCLUSIVELY ESTABLISHED!!!”

Conclusively! Established! Except, of course, not. An admission can be withdrawn without much difficulty.

We have written about Rule 36 and RFAs before (“The Utility of RFAs,” *National Law Journal* Jan. 18, 1999; “Admit It,” *National Law Journal* Jan. 31, 2005). And when we did, we described RFAs as a great tool. But we have watched the case law develop, and we have to nosh on our words. It turns out that while may RFAs remain a useful little device, they are not exactly the sharpest tool in the box.

### **Rule 36 Seems - But Is Not - Absolute**

Rule 36(a)(3) doesn’t appear to pussy-foot; it directly states that a fact is admitted unless denied or objected to within 30 days. Naturally, the court can extend that limit, as it can most limits under Rule 6; but under Rule 6, extensions sought prior to the expiration of a deadline require a showing of

good cause; and motions seeking *ex post facto* extension require more – a showing of excusable neglect. Such showings are not all that easy to make, so in the day, 30 days usually meant 30 days. Courts were “reluctant” to permit withdrawal of admissions. *Banos v. City of Chi.*, 2004 U.S. Dist. LEXIS 5176, 7-8 (N.D. Ill. Mar. 29, 2004).

*Smith v. Alice Amanda, Inc.*, 1997 U.S. Dist. LEXIS 17860, 4-5 (E.D. Va. July 30, 1997) captures the old thinking. There, the court deemed facts admitted against a party who had missed the 30 day deadline because “it would be a potential abuse of discretion for a district court to refuse admissions unless the late response was ‘minimal in time’ and a legitimate excuse for tardiness existed. 30 days meant something. Relief was reserved for the not too tardy and the relatively pure of intent. If the deadline was blown, the requested fact was admitted, and under Rule 36(b), conclusively so.

Ah, but not so fast. Rule 36(b) goes on to say that the court may permit an admission to be withdrawn – at any time, even during trial – if (1) it would “promote the presentation of the merits” and (2) it would not prejudice the other party. If the court can

permit admissions to be withdrawn at any time, does the 30 day time limit mean anything? Not much. *Perez v. Miami-Dade County*, 297 F.3d 1255 (11<sup>th</sup> Cir. 2002), cert. den. 537 U.S. 1193, 123 S. Ct. 1291(2003), and the legions of cases that follow it, capture the new thinking. When Perez filed his complaint against the County, he served RFAs that were nearly verbatim of the complaint. The County answered the complaint but forgot the RFAs. Months later, Perez sought to use the default admissions to get summary judgment on liability, and the County sought leave to withdraw the admissions under Rule 36(b). The County’s attorney submitted an affidavit attesting that he had been under the care of a psychologist for a serious mental health condition that had rendered him incapable of carrying out his professional responsibilities. But the trial court found that counsel’s personal problems simply did not justify his disregard for the Rules. The admissions stood, and summary judgment was entered.

Now, the County clearly blew the 30 day time limit. It had the choice, in seeking relief, of requesting an enlargement of the time under Rule 36(a)(3) so that it could file tardy responses denying the

RFAs; or it could seek under 36(b) to withdraw the admissions and having done so, file responses denying the RFAs. Six of one, half dozen of the other, right? Wrong. It is far *easier* to get an order allowing withdrawal of the admissions than to get leave to file late responses. To get leave to file late under Rule 36(a)(3), you have to explain why you are tardy; you have to make a showing of excusable neglect. But if instead you seek leave to withdraw the admission under Rule 36(b), no such showing is required, because the reason for the failure to file is not relevant – only the potential impact on the merits and prejudice matter.

So the Circuit Court reversed. The trial court's conclusion that there was no good cause to extend time to respond to requests for admissions might have been right on; but correct or not, it was error to consider good cause in the context of Rule 36(b) motion to withdraw the admissions. The Circuit Court noted, no *emphasized*, that "district courts are entitled to broad discretion in managing pretrial discovery matters" but "this discretion is not wholly unfettered." The 11<sup>th</sup> Circuit concluded that the trial court abused its discretion by considering at all whether there was good cause for the failure to timely respond. Rule 36(b) requires that district courts apply a two-part – and only two-part – test to decide whether to grant a motion to withdraw admissions. *Smith v. First Nat'l Bank*, 837 F.2d 1575, 1577 (11th Cir. 1988).

### ***The Bigger The Admission The Harder To Keep it***

The first step of the test assesses whether the withdrawal will serve the

presentation of the merits; that is, whether sticking to the admission will prevent the case from being decided on the merits. Wait a minute, you say. That means that the more important the admission, the more likely it can be withdrawn? Yep, that's exactly what it means. If you obtain an admission on a throw away fact that doesn't mean much to your case, it probably is conclusive. But if the admission is important enough that it would obviate the need for a trial on the merits of some key issue, it can be snatched away from you in a heartbeat – unless you can demonstrate, under the second step of the test, that you would be prejudiced by the withdrawal.

And you must show prejudice, not discomfort or inconvenience. "The prejudice contemplated by the Rule is not simply that the party who initially obtained the admission will now have to convince the fact finder of its truth. Rather, it relates to the difficulty a party may face in proving its case, e.g., caused by the unavailability of key witnesses, because of the sudden need to obtain evidence with respect to the questions previously answered by the admissions." *Id.* at 1578.

Now, Rule 36 goes on to say that if that two-part test is met, the court "*may*" allow withdrawal. So Perez argued that withdrawal remains discretionary even if the two-part test is met. Nice try, no cigar. The 11<sup>th</sup> Circuit expressly decided to "stop short of holding that movants have an absolute right to have admissions withdrawn," but not all that short. "[H]ad the court properly applied the two-part test mandated by *Rule 36(b)*, it would have found that withdrawal was not only appropriate but necessary."

*Perez* at 1266. So much for "may."

But hold on. That's the 11<sup>th</sup> Circuit. In *Conlon v. United States*, 474 F.3d 616, 623-625 (9th Cir. Nev. 2007), the 9<sup>th</sup> Circuit expressly held that Rule 36(b) does not require relief simply because the moving party can satisfy the two-pronged test. The two-prong test is the price of admission to get the court to the point at which it exercise discretion – but when it balances that scale, it is not limited to the two-prong test; the court may consider other factors, such as whether there was good cause for the delay. We come full circle back to whether the neglect was excusable. So depending upon whether you practice on the east or west coast, your admission may be conclusive or illusive.

### ***But It's Still A Useful Little Tool***

But you should not hesitate to seek legitimate admissions. Rule 36 remains on either coast and in between a valuable time saving tool to get admissions on matters that are not case dispositive. And there are still consequences if your opponent doesn't make admissions she should have. Rule 37(c) provides for attorneys fees and expenses if a party fails to admit an RFA and the matter is later proved true, unless (a) the request was objectionable; (b) the admission sought was of no substantial importance; (c) there was a reasonable ground to believe that the matter might not be proved; or (d) there was other good reason. These are not necessarily easy obstacles to navigate – but if they are, the court has no discretion but to award fees. *Foster Poultry Farms, Inc. v. SunTrust Bank*, 377 Fed. Appx. 665, 672-673

(9th Cir. Cal. 2010). *See also, McGrath v. Botsford*, 938 N.E.2d 589 (2d Dist. 2010)(interpreting Illinois counterparts to Rules 36 and 37).

So where are we? We once thought that RFAs were a potentially powerful tool that could be exploited to great effect by the savvy. Now, not so much. RFAs remain an expedient, but they are a shaping tool, not a power saw. That's OK. Asked how the Eagles made their music great, Don Henley said "It all depends on how you use the tools." Learn to use *all* the tools, even the small ones.

# DISCOVERY

## Give Me A Break

By Robert L. Byman



Until medical science develops the eight-hour bladder, there will be breaks during depositions. And during breaks, there will be conversations among witnesses and their lawyers.

But whether you can have those conversations – and keep those conversations private – may depend upon the state in which your deposition occurs. In *Ecker v. Wisconsin Central Ltd.*, 2008 U.S. Dist. LEXIS 121200 (E.D. WI 2008), the Court found that there is nothing improper about exchanges – privileged exchanges – between witnesses and their lawyers during breaks. But recently, in *Chassen, et al. v. Fidelity National Title Ins. Co., et al.*, 2010 U.S. Dist. LEXIS 141852 (D. N.J. 2010), the Court found that such conversations are improper; and to the extent that they occur, those conversations are not privileged and are subject to discovery.

*Chassen* relied entirely upon on *Hall v. Clifton Precision*, 150 F.R.D. 525 (E.D. Pa. 1993) and *Ngai v. Old Navy*, 2009 U.S. Dist. Lexis 67117 (D. N.J. 2009) (which itself relied almost entirely on *Hall*). So it all comes back to *Hall*.

To borrow from W.C. Fields, all things considered, I'd rather not be in

Philadelphia. [OK, if you've heard it, skip ahead. But Fields famously said "I was in Philadelphia once. It was closed." Fields' tombstone is etched "All things considered, I'd rather be in Philadelphia."] Don't get me wrong; Philadelphia is a lovely place. But I have no grandchildren there, as I do in abundance in Wisconsin. And grandchildren aside, I would rather be in a jurisdiction where I can be a lawyer. And, frankly, I have trouble figuring out how I could do that if not allowed to talk to my client.

### *Lawyers Behaving Badly*

Questionable conduct sometimes leads to questionable orders. In *Hall*, Todd, Hall's lawyer, demanded that Stewart, Clifton's lawyer, give him copies of the documents that would be used in advance of Hall's deposition. Stewart declined to do so. We can debate the civility and maybe even the efficacy of that, but Stewart was clearly within his right. The deposition commenced. But when Stewart engaged Hall in the standard foreplay, telling him that Stewart would happily rephrase a question if Hall did not understand it, Todd interjected: "Mr. Hall, at any time if you want to stop and

talk to me, all you have to do is indicate that to me." Stewart, no doubt, stewed. Stewart asked a question that had within it the word "document." Todd interrupted the deposition to confer, and when he and Hall returned, Hall asked Stewart to define the word "document." Stewart, no doubt, fumed.

And then Stewart showed a document to Hall and began to ask a question, but before he got to his virtual punctuation mark Todd said, "I've got to review it with my client" and announced that he needed to confer. No more Mr. Nice Guy; Stewart had had enough. He adjourned the deposition and called the judge. Understandably, the judge found the conduct of Todd a tad short. And so he issued an order – that other courts later adopted in whole or in part – that essentially outlaws all communications between client and lawyer once the deposition commences: "Counsel and their witness-clients shall not engage in private, off-the-record conferences during depositions or during breaks or recesses, except for the purpose of deciding whether to assert a privilege." *Hall, supra* at 531-32.

In *Ngai*, Ngai's counsel deposed an Old Navy executive. The witness, his

lawyer, and the plaintiff's lawyer were all in different states, hooked up solely by video conference. Well, not solely. During the deposition, plaintiff's counsel received a text message from defense counsel stating "UR doing fine." Plaintiff's counsel responded "U talking to me?" Oops. Defense counsel shot back – no, that message was meant for his son. Smelling a rodent, plaintiff's counsel demanded that all texts be preserved and produced. A log showed that the witness and his lawyer exchanged five text messages during the one-hour deposition.

So let's get this straight. The lawyer and witness were in secret communication during the deposition, and it was impossible to tell if messages were exchanged after questions were posed and before answers were given. When confronted, the lawyer falsely denied that he was conversing with the witness in real time. Gosh, can't expect the judge to be upset with that, can we? Adopting *Hall*, the court found there was no privilege for those text messages.

There are too many cases, too little time, where the cretins of our profession act badly and whip judges up into the Wrath of Khan. So the judges in *Hall*, *Ngai* and others found it

appropriate to issue blanket orders to prevent this witness coaching. And as part of the order “Any conferences which occur . . . are a proper subject for inquiry by deposing counsel to ascertain whether there has been any witness-coaching. *Id.*

### ***Let’s Hear It For The Coach***

Witness coaching. Ugh. Terrible. Um, no, wait, not so fast. What’s wrong with coaching a witness? Aren’t we *supposed* to coach our witnesses? A football coach coaches his players – that’s his job. He coaches them to play fair and follow the rules, but he coaches them. He can’t run out on the field and coach once the ball is in play, but he can and should coach during time-outs, quarter breaks and half time. If he doesn’t coach, he isn’t a coach. How is it different for lawyers? Of course we can’t coach dirty play. We can’t coach a witness to lie or to distort or mislead. We can’t coach between question and answer any more than the football coach can jump in between snap and whistle. But if we don’t coach, we aren’t lawyers.

The judge in *Hall* derived his rationale from F.R.C.Proc. 30, which provides that deposition testimony is to be taken in the same manner as trial testimony. From that, the court reasoned that conferences are not permitted during trial testimony and thus should not be allowed during depositions. Oh, OK, I get it. Well, no, wait, not so much – what rule says that lawyers can’t talk to their clients at breaks during a trial?

There is no such rule. No judge of my acquaintance would allow a lawyer to consult with his client between question and answer. I have not

problem with that. I know some judges who restrict communications during breaks during cross-examination. I have some concern about that but not one that has ever provided an opportunity to ask a court of appeals to consider the issue of depriving the right of counsel to a client simply because he is giving testimony. But I concede that individual judges may in individual circumstances in individual cases decide that there are compelling reasons that justify that the attorney-client relationship be curtailed. But there is no blanket trial rule that says that counsel cannot counsel his client during a trial, nor should there be.

If you represent the plaintiff, it is likely that she will be examined as your first witness on direct and on cross and on redirect. She is likely to be called as the last witness in the rebuttal case days later. If the rule is that a lawyer cannot confer once the witness is sworn until testimony is concluded – you would not be allowed to talk to your client during the entire trial!

There is no such rule. Now, there are judges who *think* there is a rule, and since they are the judges, that *is* the rule in their courtroom, at least until a court of appeals rules. Darrow was once waxing eloquent, when the judge interrupted to ask “Are you suggesting, Mr. Darrow, that ignorance of the law is a defense?” Darrow shot back, “Why no, your Honor. All men are presumed to know the law – all men, the butcher, the tailor, the candlestick maker, all men – except of course trial judges, for whom we have wisely provided courts of appeal.” There are judges who think that lawyers should not be allowed to speak with their clients during breaks – but I have not

yet found one of those judges on a court of appeal.

In a criminal proceeding, the right to counsel is absolute, per the Sixth Amendment. There is no such right in civil proceedings, but when counsel is present, there is no justification for a blanket prohibition. Nor is there any need to prohibit that counsel out of some perception that we need to protect against improper coaching. The real world is protection enough.

The witness squirms during his cross-examination. He admits that he never looked at the speedometer so he can’t say whether he was speeding or not. A break is called. And on redirect he now remembers that there was a police cruiser behind him for 5 miles so he pretty sure, speedometer or not, that he wasn’t speeding. Was he coached to remember a fact? Probably? So what? It’s a fact, not an invention. The other side is free to ask how he came to his refreshed recollection – that’s probably not privileged since it was meant to be conveyed, but again, so what? If the witness wants to tell the jury “My memory was refreshed by my lawyer but I won’t tell you what we said to one another” good luck. The point is that there is nothing wrong with legitimate coaching, or with the adversary pointing out that the witness and lawyer talked during a break.

The court in *Ecker v. Wisconsin Central Ltd.*, 2008 U.S. Dist. LEXIS 121200 (E.D. WI 2008) got it right. Of course, it did not have to deal with the toxic facts that presented in *Hall* and *Ngai*. After Ecker’s counsel completed his questioning at the deposition of a Wisconsin Central employee, a break was taken; the railroad’s lawyer then elicited testimony that

clarified and perhaps contradicted the direct testimony. Ecker moved for sanctions, citing *Hall* for the proposition that there was improper coaching during the break. The court found that a lawyer “has an ethical duty to prepare a witness.” The court adopted the rationale articulated in *In re Stratosphere Corp. Sec. Lit.*, 182 F.R.D. 614, 620 (D. Nev. 1998) that “nothing precludes counsel from speaking to his or her client/witness during recesses called by the court during trial or during regularly scheduled recesses of depositions.”

### ***Follow The Rules***

So now you know where I stand. Breaks in depositions are inevitable. Of course those breaks cannot legitimately come between question and answer. But at legitimate breaks, conversations between counsel and counseled are permissible, even desirable, and are privileged. That’s where I stand, but no one has issued me a robe. If you find yourself in Philadelphia or New Jersey or wherever, figure out and follow the rules that apply there. But try to get the case moved to Wisconsin. And if you see really cute kids, they may be my grandchildren.

## DISCOVERY

## How To Invite A Party To Your Party

By Robert L. Byman



It isn't much of a party if no one comes. To get a party to your party you need to invite her – or maybe subpoena her.

Subpoena? A party? For a deposition? I had never really thought so – for 40 plus years, when I have wanted to depose an adverse party, I have simply sent out a notice; that always worked. But maybe I have just been blessed with compliant adversaries. And as the old Arabian proverb goes, “No matter how far you travel the wrong path, go back.” It may be time to go back and rethink our path – or, better yet, it may be time to clarify the rules so that we may safely continue.

It was my friend Brook Latham from Bass Berry & Sims in Memphis who got me thinking. The Civil Rules Advisory Committee has circulated proposed amendments to F. R. Civ. P. 45 for public comment by February 15, 2012. The proposed amendments are excellent. They greatly eliminate confusion and simplify issues on the issuance, service and compliance with subpoenas. But Brook found something in the proposed amendments he posits could have the unintended consequence of overturning settled case law on the location of party depositions.

OK, let's context up a little hypothetical. Richie Rich, who resides in Chicago, drives his Bentley down Beale Street, looking for Elvis but finding a pothole. He sues the City of Memphis for the substantial damage to his car in the Federal District Court for the Western District of Tennessee. Brook, representing the City, sends Richie a notice for a deposition to occur in Memphis. Under settled law, Rule 30 governs party depositions, and Rule 30 would compel Richie to come to Memphis, absent some showing of hardship that he and his Bentley are incapable of making. *See, e.g., Karakozova v. University of Pennsylvania*, 2010 U.S. Dist. LEXIS 102731 at \*4-5 (E.D. Pa. 2010) (“Under the Federal Rules of Civil Procedure the location of a deposition is first left to the party noticing the deposition. *Fed. R. Civ. P. 30(b)(1)*. Where defendant has requested that plaintiff appear for her deposition within the forum district in which she has chosen to file suit, she must appear for her deposition absent a showing of unreasonable hardship or exceptional circumstances.”).

***The Proposed Amendments Set The Place Of Compliance***

But as Brook points out,

the proposed amendments to Rule 45 could give Richie an argument that might force Brook to come to Illinois (ugh) for the deposition. As it currently exists, Rule 45 does not directly address the location for compliance with a subpoena – it sets out the geographical limits for service and for quashing or modifying a subpoena, but it doesn't say anything about where a subpoena can command attendance. The Advisory Committee's proposed amendments would add a new provision to Rule 45 to expressly govern location:

(c) Place of Compliance.

(1) For a Trial, Hearing, or Deposition. A subpoena may command a person to attend a trial, hearing, or deposition only as follows:

(A) within 100 miles of where the person resides, is employed, or regularly transacts business in person; or

(B) within the state where the person resides, is employed, or regularly transacts business in person, if the person is a *party or party's officer*, or (ii) the person is commanded to attend a *trial* and would not incur substantial expense.

So here's the rub, as Brook points out. This proposed language would give a party the valid argument that a party *must* be subpoenaed for deposition – and that the subpoena can *only* require a location within 100 miles or within the state of the deponent's residence.

And as I mulled over Brook's point, it occurred to me that even the *existing* Rules permit the same argument, although it would be a bigger stretch.

***It Is Not Clear That Notice Is Enough To Compel Attendance By A Party***

We assume that notice suffices to get a party to a deposition, but why exactly is that? Rule 45, even as it currently exists, is in tension with Rules 30 and 37. So maybe, as proposed amendments to Rule 45 are considered, we ought to eliminate any possible confusion.

Courts have long assumed that notice is sufficient to compel a party's attendance at a deposition. *Spaeth v. Warner Bros. Pictures, Inc.*, 1 F.R.D. 729 (S.D.N.Y. 1941) (“It is not necessary to serve a subpoena on a party.”). *Collins v. Wayland*, 139 F.2d 677, 678 (9th Cir. Ariz. 1944) *cert. den.*

322 U.S. 744, 64 S. Ct. 1151 (“true, that no subpoena was served on appellant . . . [but] he was a party, and therefore no subpoena was necessary”). And, let’s see a show of hands if anyone disagrees, I have never seen anyone successfully claim that a notice is not sufficient.

Maybe so, but *Spaeth* cited no authority; and *Collins* merely cited *Speath*. And Rule 30 doesn’t exactly say that notice is sufficient to compel attendance. Rule 30 simply says “A party who wants to depose a person by oral questions must give reasonable written notice to every other party.” That is, you can’t make a deposition a private affair by getting a witness to attend without notice to all parties. But the Rule doesn’t expressly address the method by which you actually compel the witness to attend. It simply says that whether the witness shows up by agreement, by subpoena, or perhaps by Divine intervention, all parties have to have notice.

Now, Rule 30 and Rule 37 each contemplate sanctions in the event that a *noticed* deposition, as opposed to a *subpoenaed* deposition, doesn’t go off as planned. Rule 30(g) provides for recovery of the expenses for attending a deposition that doesn’t occur because “the noticing party failed to . . . serve a subpoena on a nonparty deponent, who consequently did not attend.” Rule 37 permits sanctions if a party “fails, after being served with proper notice, to appear.”

So, clearly, if you can be sanctioned for not complying with proper notice, then notice is all that is needed to compel a party deposition, right? Well, yeah, that seems right. But if that is right, if all you need is notice, then why on earth does Rule 45 contemplate the use of

a subpoena for a party deposition?

Current Rule 45 (c)(3) states that “the issuing court must quash or modify a subpoena that . . . requires a person who is neither a party nor a party’s officer to travel more than 100 miles from where that person resides.” If no subpoena is required for a party, why does the Rule need to qualify what kind of person is entitled to seek to quash a subpoena? We are taught to find meaning in *all* of the language in a rule; the phrase “person who is neither a party nor a party’s officer” has no meaning unless a subpoena can be issued to a party. I’m confused.

And at least one federal judge shares my confusion. Although following the main stream and holding that “a subpoena is not necessary to compel the attendance of a party to a deposition,” Judge Robert Potter, in *Howell v. Morven Area Medical Center, Inc.*, 138 F.R.D. 70, 71 (W.D.N.C. 1991) was troubled that “the Federal Rules of Civil Procedure are not entirely clear about this point.”

#### ***So We Need One Further Amendment***

And if it is not entirely clear now, the proposed amendments will make it even more not clear. The proposed amendments make it crystal clear that deposition subpoenas may be served on parties without clearing up what that means as to the place of compliance.

Now, Brook limits his concern over the proposed amendments to depositions as opposed to trials. But my personal view is that there is no reason to permit confusion in either context. Here’s the point. Parties, being parties,

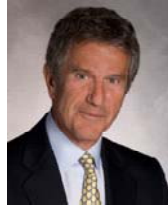
are subject to the jurisdiction of the court. If the rules are clear that notice is enough to compel attendance – at deposition or at trial – then enough is enough. Non-parties are not before the court until they are brought before the court via subpoena. So we need Rule 45 for non-parties; but all we really need for parties is clarity that notice is enough.

Maybe it ain’t broke. Maybe Brook and I and Judge Potter are all crazy, maybe there is no lack of clarity. But if others see the same problem, the fix is so easy. All we need is a provision in Rule 45 (or in 30 or anywhere else) that says “A party’s attendance at deposition or trial may be compelled by notice without any requirement for a subpoena.” [The Advisory Committee will rightly conclude that the fix isn’t quite as simple as that, but I have a word limit here.] If you agree, drop the Committee a note by February 15.

## DISCOVERY

## The Unwritten Rule – Get Out Of Jail Free

By Robert L. Byman



Every baseball fan knows that the *unwritten* rules are the most important. Oh, there is a place for written rules, like Rule 1.10: “The bat shall be a smooth, round stick not more than 2.61 inches in diameter at the thickest part and not more than 42 inches in length.” Good rule. Nice to know. But the really important rules, like “Never make the first or third out at third base,” are not written. You have to *know* the game to *play* the game well.

I thought I knew the evidence game – but I’m not so sure any more. I thought, having read Federal Rule of Evidence 502, that I understood it. But I had the good fortune recently of being on a panel with Judge Lee Rosenthal, who chaired the Rules Advisory Committee which drafted the rule, and she put some pith in my epiphany.

Now, I knew that Rule 502(d) allows litigants to save the time and cost of exhaustive privilege review by reducing the risk of waiver for a reduced review;

but I didn’t know, until Judge Rosenthal clued me in, that it is much more. It is nothing less than a Congressional pardon for gross negligence – a get out of jail free card that lets litigants forego privilege review altogether without fear of waiving privilege.

Well, maybe.

***Rule 502 Saves The Time  
And Cost Of Exhaustive  
Privilege Review***

Let’s review. In 2008, to address the growing concern of the cost of privilege review engendered by electronic discovery, Congress enabled Rule 502.

Now, when we talk about waiver, there is a spectrum of possibilities. Waiver, like any other crime, can be intentional, knowing, negligent or reckless. Rule 502 *expressly* covers the intentional and knowing. 502(a) provides that *intentional* waiver does not waive privilege for undisclosed material, unless the undisclosed material concerns the same subject

matter and fairness dictates that the undisclosed material be considered together with the disclosed. Rule 502(b) provides that *inadvertent* (knowing) disclosure is not a waiver – so long as reasonable steps were taken before disclosure to prevent the disclosure and, once known, reasonable and prompt steps were taken to rectify the error. Rule 502(e) *implicitly* covers the negligent and reckless; the parties may agree on the effect of *any* disclosure, careful or careless, and that agreement will bind the parties. But only the parties. Not the legion of other litigants waiting to bring me too suits.

But Rule 502(d) – wait for it, this is the really important part – provides that the Court may, on motion or on its own, “order that the privilege or protection is not waived by disclosure connected with the litigation pending before the court – in which event the disclosure is also not a waiver in any other federal or state proceeding.” Hah!

Take that, legion.

But how far exactly does 502(d) go? Now, I thought I knew. You agree upon or litigate what is reasonable for the circumstances of your case; you have the court find that it is reasonable to run a focused search against your ESI by filtering for particular custodians and specific terms; you will do a privilege review of the documents culled by that process, but everything else will be produced without delay, with a right of claw-back. You save the time and cost of looking at the majority of documents that are unlikely to contain privileged information, without waiving privilege if those steps fail to catch something. And once the court blesses that agreed set of steps in the form of an order, the privilege is maintained, not only in your case but as to all other litigants in all other litigation. Pretty good deal.

I got that. But Judge Rosenthal opened my mind to greater possibilities. I had



thought, it turns out unreasonably, a 502(d) order had to be consistent with 502(a) and (b), had to be based upon reasonable steps; that is, I assumed that the court had to find that the steps to be taken to prevent disclosure were reasonable, and then enter an order that would prevent other litigants from re-litigating what is reasonable. But Judge Rosenthal directed me to the phrase in the Advisory Notes: “the court order may provide for return of documents without waiver *irrespective of the care taken* by the disclosing party.”

#### ***A Rule 502(d) Order Prevents Waiver Without Regard To The Care Taken***

I hadn't appreciated that. Rule 502(d), it seems, doesn't merely protect the intentional and inadvertent; it also shelters the negligent and wantonly reckless.

Now, the written Rule does not expressly say that the court is free to enter a 502(d) order that eviscerates 502(a) and (b), but that is what the Notes appear to say – or at least what some pretty smart judges think they say. Paul Grimm, Chief Magistrate Judge for the District of Maryland and a prolific legal scholar, writes that Rule 502(d) “clearly contemplates” that the court “can approve procedures that would not otherwise pass muster” under the rest of the Rule. *Richmond Journal of Law and Technology* (“JOLT”), “Federal Rule of Evidence

502: Has It Lived Up To Its Potential?” Vol. XVII, Issue 3, p. 68 (2011).

So it is not just that a 502(d) order can assess and determine what constitutes reasonable steps – it can dispense altogether with reasonableness – and bind future litigants.

You could decide to produce the entirety of your client's e-mail archives – including the e-mails of the client's general counsel. You *know*, not just suspect, but *know* that privileged materials will be included in that data dump. You are consciously taking not the slightest precaution to filter out privileged material. If sloth were an Olympic Event, you would be the gold medalist. But if the court were to enter an order approving that, you have your get out jail free card – no waiver of privilege.

Wow. I had no idea. Now, I take some comfort that I am not unique in my former ignorance – Judge Grimm notes that “a disappointingly small number of lawyers seem to be aware of the rule and its potential.” *Id.* at 2. And not just lawyers; at least some judges have the same misread that I did.

In *Spieker v. Quest Cherokee, LLC*, 2009 U.S. Dist. LEXIS 62073 (D. Kan. July 21, 2009), Quest estimated that a privilege review would cost \$250,000; Magistrate Judge Karen Humphreys was asked to ameliorate that cost by entering a 502(d) order that would allow Quest to turn everything over without

review, yet maintaining Quest's privilege. But Judge Humphreys declined because, she reasoned, 502(b) requires reasonable steps to maintain privilege and, in her view, no steps does not equal reasonable steps.

Now, Judge Grimm writes that *Spieker* and similar holdings “fly in the face of the clear intent of Rule 502 and ignore the rule's explicit provisions.” *JOLT* at p. 64. But I confess I come out squarely on the fence on this. I know that Judge Grimm was there, he was part of getting Rule 502 enacted, he knows what it was meant to mean. But I'm not sure that Judge Humphreys got it wrong. I have read Rule 502 over and over and cannot find anything that explicitly says that a 502(d) order can be totally inconsistent with the requirements of 502(b). If the rule is as Judges Rosenthal and Grimm believe, it is an unwritten rule. And the single phrase in the accompanying Notes “irrespective of the care taken” does not, at least for me, express it any more clearly. Does “irrespective of the care taken” simply mean “we aren't going to revisit whether the right amount of care was taken” or does it grandly mean “it doesn't matter that no care – not one little bit – was taken”?

#### ***Written Or Not, It's a Powerful Rule***

Well, one thing *is* clear to me. Judges Grimm and

Humphreys have the equal right to come down on opposite sides of the fence on which I teeter. Rule 502(d) unambiguously says that a court “may” – not “must”, not “should” – enter an order; and the Statement of Congressional Intent which accompanies the Rule could not be more explicit: in any 502(d) order, “the court retains its authority to include the conditions it deems appropriate.”

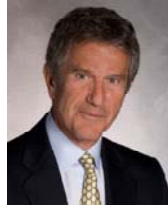
So here's the point. In any case involving costly privilege review, consider Rule 502 carefully. Read Judge Grimm's *JOLT* article, to which I cannot do justice in my column's 1500 word limit.

I'm not sure you can convince your particular judge that it's OK to do nothing at all, but you can certainly reduce the cost of discovery by using Rule 502, whatever it means. Write that down. And don't try to stretch a double into a triple with no outs.

# DISCOVERY

## You Get What You Pay For

By Robert L. Byman



“*You know that we are living in a material world . . .*” - Madonna, 1984

It is, after all, a material world. Oh, sure, we do some things out of civic or moral duty, not expecting any compensation beyond the very real satisfaction of doing the right thing. But in commercial litigation, when the principal issue is money, the participants all tend to develop an interest in getting a fair share of the principal. You bill by the hour. Your experts bill by the hour. Your client-witnesses are already paid to serve their employers’ financial interests. But what about non-party fact witnesses?

Your retired former plant manager, who is a key fact witness in your breach of supply contract case, would like a little love (make that money) to get off her beach chair and come out of retirement to help you by preparing for and sitting for a deposition. And the price she is asking – \$500 an hour – is peanuts compared to the \$100MM judgment

you are seeking. You want a happy, motivated witness, so this is a no-brainer – pay her what she asks without another thought, right? Well, wrong. Let’s give it a little thought first.

### ***The General Rule Is That It Is Improper To Pay For Fact Testimony***

Let’s start with the general rule: agreements to compensate fact witnesses beyond standard subpoena rates are against public policy. *Hamilton v. Gen. Motors Corp.*, 490 F.2d 223, 229 (7th Cir. 1973); *United States v. Cinergy Corp.*, 2008 U.S. Dist. LEXIS 123516, 34-37 (S.D. Ind. Dec. 18, 2008). Indeed, such agreements may not merely be contrary to public policy – they may be criminal. Section (b) of 18 USC § 201 [Bribery of public officials and witnesses], as you might suspect from the title, makes it a crime to offer or receive “anything of value . . . with intent to influence the testimony” of a witness. But

take a good close look at section (c): “Whoever directly or indirectly, demands, seeks, receives, accepts, or agrees to receive or accept anything of value personally for or because of the testimony under oath or affirmation given or to be given by such person as a witness upon any such trial, hearing, or other proceeding, or for or because of such person's absence therefrom . . . shall be fined under this title or imprisoned for not more than two years, or both.”

Forgive me a little tangent here. Those of you for whom English is not a foreign language might think that “whoever” means “anyone.” Ah, but then Legalese would not be among the languages in which you are fluent. “Whoever” means anyone – *except* a prosecutor and his witnesses. *United States v. Anty*, 203 F.3d 305, 311-312 (4th Cir. N.C. 2000) (“we hold that 18 U.S.C. § 201(c)(2) does not prohibit the United States from acting in accordance with

long-standing practice and statutory authority to pay fees, expenses, and rewards to informants even when the payment is solely for testimony”); *see also*, *United States v. Ihnatenko*, 482 F.3d 1097, 1100 (9th Cir. Cal. 2007); *United States v. Barnett*, 197 F.3d 138, 144-45 (5th Cir. 1999); *United States v. Albanese*, 195 F.3d 389, 394-95 (8th Cir. 1999). So prosecutors need not worry about 18 U.S.C. § 201; but if you are a defense lawyer or a civil lawyer, “whoever” means “you” and it is worth a little worry.

### ***But There Are Exceptions***

Now, there are exceptions. 18 USC § 201(d) provides that sections (b) and (c) do not prohibit paying “the reasonable cost of travel and subsistence incurred and the reasonable value of time lost in attendance at any such trial, hearing, or proceeding, or, in the case of expert witnesses, a reasonable fee for time spent in the

preparation of such opinion, and in appearing and testifying.” So experts can charge, and you can pay, a fee. And fact witnesses can charge, and you can pay, the reasonable value of time lost.

Well, that’s clear, right? The reasonable value of time lost. Hmm, for you fans of black and white lines, you may feel a bit unfulfilled. What does “reasonable value of time lost” mean? Well, let me tell you in no uncertain terms: it means whatever the individual judge who is looking at your individual facts thinks it means.

Compare *Consolidated Rail Corp. v. Grand Trunk Western Railroad Co.*, 2012 U.S. Dist. LEXIS (February 16, 2012) (\$125 per hour paid to retired former employee permissible) and *United States v. Cinergy Corp.*, 2008 U.S. Dist. LEXIS 123516, 34-37 (S.D. Ind. Dec. 18, 2008) (“A \$200.00 per hour fee is beyond ‘the reasonable value of time lost’ for a person who purports to be ‘retired.’”)

Now the sheer ambiguity of the word “reasonable” ought to give you some comfort that you won’t face a criminal prosecution if you pay a couple of hundred bucks to your retired manager. But \$500? And at any number, there are still ethical and practical issues to consider.

### ***Witness Compensation Has Ethical Implications***

ABA Formal Ethics Opinion 96-402, issued in

1996, remains the applicable guideline adopted by most of the States. The Opinion holds that payments to compensate a fact witness for lost time are not an ethical violation – so long as reasonable. Oh, there we go again. Reasonable. We remain fixed in the eye of the beholder, and individual state ethics bodies could behold differently. And if they find you unreasonable, you may find yourself suspended. Check out *Fla. Bar v. Wohl*, 842 So. 2d 811, 813 (Fla. 2003) (attorney suspended for paying fact witness \$500 per hour plus “usefulness” bonus).

### ***The Practical Issues***

OK, enough with the nuclear possibilities. Fact is, it really isn’t likely that you will face criminal or ethical sanctions by paying a witness some amount that is in the zip code of reasonable. But that isn’t the only issue. In *Rocheux Int’l of N.J., Inc. v. United States Merchs. Fin. Group, Inc.*, 2009 U.S. Dist. LEXIS 93082, 7-8 (D.N.J. Oct. 5, 2009), the Court found that payments to a fact witness of the relatively modest amount of \$4300 for preparation and sitting for a deposition disqualified the witness from testifying at trial.

Now, other courts have taken a much more user-friendly approach. In *Platypus Wear, Inc. v. Horizonte Fabricacao Distribuicao Importacao E Exportacao LTDA*, 2010 U.S. Dist. LEXIS 13472, 12-

13 (S.D. Fla. Jan. 8, 2010), a motion was brought to exclude the testimony of a fact witness who had been “improperly” paid about \$5300 at \$150 per hour. But the court declined and decided instead that the proper remedy was disclosure to the jury of the payments. And while the *Platypus* court had what looked like reasonable compensation, other courts have come to the same result in the face of apparent excess. In *Caldwell v. Cablevision Sys. Corp.*, 86 A.D.3d 46, 53-54 (N.Y. App. Div. 2d Dep’t 2011), the witness payment was clearly over the top – a doctor was paid \$10,000 for taking off a single afternoon simply to authenticate a note in a medical history as a business record. The court assumed that the amount was unreasonable; the court wasn’t asked, so did not opine on the ethical considerations. But the court found that the proper remedy was to instruct the jury on bias and let them weigh the doctor’s testimony in light of its price.

And there is the real crux. In theory, paying a fact witness has implications that range from criminal to ethical to strategic. But theory aside, in practice there is one practical constant – if you pay a witness for fact testimony, you get what you pay for – and the credibility of that testimony is tarnished in direct proportion to the degree of varnish.

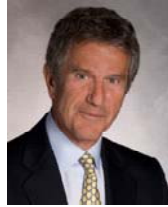
So what do you tell your

retired manager when she asks for \$500 and hour to prepare for and give a deposition? Well, you tell her that her cooperation is invaluable, and that you would gladly pay anything for her truthful testimony – but that there is a criminal statute that could put you both at risk if the amount is deemed to be unreasonable. And, more important, you want her to look credible before the jury when the case goes to trial. So what amount can we confidently predict that a jury will find acceptable? She made \$150,000 the last year she was employed, so you wouldn’t break a sweat paying her at that rate - \$75 per hour. You could easily justify adding something for inflation and something for luring her away from that beach she retired to, so \$125-50 per hour still seems easily defensible. But \$500? It just looks bad. Reason with her. And if she won’t see reason, see if you can find a different witness.

# DISCOVERY

## Predictions on Predictive Coding

By Robert L. Byman



*“It’s hard to predict things, especially the future . . .”* - Yogi Berra

Well, actually, it’s not all that hard to see that predictive coding is the future – some call it a game changer as courts begin to accept, even require it. But here’s my prediction: predictive coding is a cool new tool, but it will not solve the basic problem. Discovery will remain expensive; parties will remain combative; and courts will remain perplexed as they try to sort things out. As Pogo so aptly put it, “I have met the enemy and it is us.” We lawyers are the problem. New tools are nice, but new attitudes would be better.

### *What’s The Problem?*

The problem is that lawyers too often view cooperation and compromise as antithetical to zealous advocacy; we distrust and oppose whatever our opponent proposes. If you want to use predictive

coding, I don’t. If I want to use 20 search terms, you want 50 different ones. If you want to search 20 custodians, I demand 200. And when, invariably, the receiving party claims production is incomplete, we race one another to court.

And we always have. Whether BC (Before Computers) or AD (After Digitization), the problem has always been the same. In the old days, before e-mail and digital imaging, we dealt with mostly paper. There were cases in which the universe was immense – warehouses filled floor to ceiling with boxes of documents. We did not manually review the universe but rather selected a subset by looking at the labels on the boxes to identify those that might house something responsive. And then we fought over whether we had looked in the right boxes.

The digital age is no different, just more so. We still cull from the universe and manually review a subset. The big difference is

that the big universe cases are no longer the exception and the universes are exponentially bigger. We need tools to efficiently explore such universes.

### *Predictive Coding For Real Dummies*

*Predictive Coding for Dummies*, (John Wiley & Sons 2012), tells you everything you need to know about predictive coding; read the book, but here is the reader’s digest version.

If you have a vast digital mass to review you could machine cull, using Boolean logic search terms. Looking for documents about the valuation of commercial property in New York? Then, maybe, search for, among other terms, “asset” and “New York” or “NYC”.

But your search will capture a host of false positives and miss lots of real positives. You will snare an email about taking a **basset** hound to the **BonnyChic** Dog Groomer, but miss a smoking gun

document where the author had fat thumbs or too many cocktails and typed “Mew Norj” instead of “New York.”

Enter predictive coding. A statistically significant random sample is pulled from the universe, carefully reviewed, and tagged for relevance. The reviewers tag as irrelevant messages about bassets and identify spelling glitches; they identify and rate the relevance of the documents. They feed their findings to the computer so that it learns the difference between relevant and not; and then the process is repeated – usually 4-7 times but as often as necessary – until the computer recalls with sufficient precision relevant documents with an acceptable error rate and is ready to select documents from the universe without further human intervention.

### *The Real Problem*

But here’s the rub. Remember, your adversary demands *all* relevant documents – and if the goal

is to find *all, none* of this works. Not search terms, not predictive coding, not manual review, not all of the above. No matter how it is done, you are going to miss a significant number of responsive documents.

Humans err. Innocent reviewers negligently miss relevant documents out of fatigue or lack of wit; less than innocent reviewers omit relevant documents out of facileness or sharpness of wit. Technology-assisted review is often more accurate than manual review. See Grossman & Cormack, "Technology-Assisted Review," *Rich. J.L.&Tech.*, (Spring 2011).

But don't pop the corks just yet. Machine searches aren't all that accurate either.

In the first case in which a court ordered the use of predictive coding over objection, *Global Aerospace Inc. v. Lindow Aviation, L.P.*, Case No. 61040, Loudoun County, VA, the coding algorithm culled 173,000 relevant documents from a universe of 1.3 million. But manual checks of samples found that the machine had found only 81% of relevant documents. See "*Is predictive coding better than lawyers at document review?*" *ABA On-Line Journal* (Jan. 22, 2013).

81%? What? Our fancy-schmancy predictive coding missed 19% of 1.3 million relevant documents – a quarter million unproduced documents? Lawyers, start your engines, write those motions to compel.

### ***The Solution is Cooperation***

But wait, not so fast. In *Da Silva Moore v. Publicis Groupe*, 2012 U.S. Dist. LEXIS 23350, (S.D.N.Y. 2012), Judge Andrew Peck approved a predictive coding protocol over objection that admittedly was a few gigabytes shy of perfect. So what? Tattoo the words of Judge Peck on your arm and display them proudly: "***The Federal Rules of Civil Procedure do not require perfection.***" *Id.* at \*34. What the Federal Rules do require is "the just, speedy and inexpensive determination of every action" (Rule 1) and that the cost of discovery be proportional to the amount at stake (Rule 26). So 81% may be just fine for some cases – maybe more than fine for some others, less than fine for still others.

81% was just fine in *Global* because, even though predictive coding was imposed by the court over objection, the process was transparent.

In *Da Silva Moore*, Judge Peck heartily endorses the Sedona Conference Cooperation Proclamation ([www.TheSedonaConference.org](http://www.TheSedonaConference.org)) – which directs that the parties engage in a transparent and cooperative dialog to design an efficient discovery plan at the outset of the litigation; and if cooperation doesn't work, he urges that parties see the Court – before investing the time and machismo in a potential fight.

Judge Peck is joined by many thoughtful others, such as Judge Nan Nolan in *Kleen Products LLC v. Packaging Corp. of America*, 2012 U.S. Dist. LEXIS 139632 (N.D. Ill. 2012). More than a hundred other Federal judges have endorsed the Cooperation Proclamation since its publication in 2008. Which begs the question, why only a hundred? There are 1700 Federal judges and magistrates; roughly 24,000 state and administrative judges. What judge thinks it is wrong for parties to cooperate?

I suspect that no judge thinks so. In fact, doesn't it seem off that we need a proclamation and judicial endorsement to champion cooperation?

We need these things because we don't as a rule play well with others. And as we bicker, we drive up the cost of litigation for our hapless clients while we risk personal sanctions for ourselves as the Court grows weary of the playground antics.

So let's re-think. If you want to – and you should want to – avoid the time, distraction and downside of discovery disputes, what is the best way to do that? Duh. Enter into a cooperative agreement with your adversary – you can't be criticized for following a discovery protocol both sides agreed to. And if you try and fail to reach an agreement, run to Court – now, not later, to ask the court to mediate and impose a protocol. You can't be

criticized – or sanctioned – for a transparent plan approved in advance by the court.

We have to control our inner beasts. It is not weakness to cooperate in discovery; it is good sense. Predictive coding may or may not be the right tool for every case. But transparency and cooperation always have been, always will be, good ways to go.

# DISCOVERY

## Facing Facebook

By Robert L. Byman



In September 2012, Facebook posted that it had reached the one billion user mark – one in every seven persons on the planet, Facebook beamed, has a Facebook account. Well, actually, Facebook only knows how many accounts it has, not how many persons. Anthony Weiner must have two accounts, one in his own name and one in the name of Carlos Danger. And with so many possible plays on names for Weiner and his friends (Really? Her name was really Sidney Leathers, even *before* she started her porn site?), it's a fair guess he has more than two accounts.

A billion, a schmillion, whatever – Facebook has a lot of users. Every one of them a potential gunshot to their own foot.

### *Let Me Show You How Funny I Am*

Take Toby Sutton, hired as a Funeral Science professor who, for reasons that must have seemed funny to him at the time,

posted to Facebook “Toby Sutton hopes this teaching gig works out. Guess I shouldn’t have cheated through mortuary school and faked people out.” Toby, you’re a riot. Oh, and Toby, you’re fired. *Sutton v. Bailey*, 702 F.3d 444 (8th Cir. 2012).

Take Franklin Jeffries, embroiled in a visitation dispute, who thought he would express his thoughts in a music video he posted to his Facebook account with the catchy lyric: “Cause if I have to kill a judge or a lawyer or a woman I don’t care. ‘Cause this is my daughter we’re talking about.” Oh, Franklin, what a kidder you are – hilarious! Oh, and you’re guilty of transmitting a threat to injure a person in interstate commerce, 18 U.S.C. § 875(c). Go directly to jail. Do not pass Go. *United States v. Jeffries*, 692 F.3d 473 (6th Cir. 2012).

Or take Chelsea Chaney. Chelsea, it seems, had her picture taken, when she was a 17 year old high school senior, standing next to a life

sized cardboard cut-out of Snoop Dogg (now Snoop Lion), as he proudly holds a can of 12% alcohol Blast. Chelsea herself is clad in an itsy bitsy teeny weensy bikini that shows off her navel piercing and bling. Chelsea was proud enough of the picture that she posted it to her Facebook account.

Now, Facebook does not allow minors to make their accounts available to the entire public. The least restrictive privacy setting a minor can select is “friends plus friends of friends.” So that’s how Chelsea “protected” her picture.

The typical old man who writes columns for the *National Law Journal* has 39 Facebook friends, so let’s assume that a hip, attractive high school senior has at least a hundred friends; and every one of her friends has fifty different friends. So Chelsea could easily have figured out that she was sharing her Snoop Dogg, Blast bling moment with 5000 people, give or take.

And one of the people she shared with, who

apparently was a friend of one of Chelsea’s friends, happened to be an administrator at her high school who downloaded the photo for a seminar he was putting on for a couple hundred people as an example of “be careful what you post.” He was trying to make the point that maybe, just maybe, Chelsea – and others like her – might not want pictures like these available on-line. Forever. It might be embarrassing.

### *How Embarrassing*

Exactly! Chelsea was outraged to have her embarrassing photo shared with 200 people! Her parents were outraged! Her lawyer was especially outraged! Chelsea filed suit against the School District, seeking two million dollars in damages for intentional infliction of emotional distress. *Chaney v. Fayette County Public School District*, Case No. 13-cv-00089, U.S. District Court for the Northern District of Georgia.

Did I say Chelsea was outraged? What she actually said – on camera – was “I was embarrassed. I was horrified.” So embarrassed and horrified that she gave express permission to the news media to republish the same picture as she explained her horror. Whether permission was needed is a fair question, given that Chelsea had already posted the photo in a way that allowed 5000 or so people to see it, copy it, download it and transmit it – but she gave permission for the media to use the photo and, boy, did they ever. Google “Chelsea Chaney Facebook Lawsuit” and you will get about 70,000 hits, most of them with copies of the photo or videos that imbed the photo or links to the photo. Fox News, USA Today, Huffington Post, and ABC News, among many others, post the picture. The ABA Journal does not post it – but there is an easy link that makes the photo a finger press away.



I take Chelsea at her word that she was embarrassed to have the School District share the photo with 200 people in non-electronic form. But I am trying to sort out the

right adjective to describe how she must now feel about her own re-publication to, well, pretty much the world, or at least to the two billion or so people who have access to the Internet.

Now, here’s where it gets interesting. The School District has filed a motion to dismiss, predictably opposed by Chelsea. But if I were her future self, I would think twice about wishing that her lawsuit survives the motion and goes to discovery. Maybe the Dogg photo was the only post ever that seemed like a good idea at the time and not so much now. But every personal post Chelsea has ever made may become fair game in discovery.

***You May Try To Keep Facebook Postings Private; But Good Luck With That***

Even if Chelsea had selected the highest possible level of Facebook privacy for her posts, post them she did. And if a litigant can demonstrate any potential relevance, those posts become discoverable. In *Giacchetto v. Patchogue-Medford Union Free School Dist.*, 2013 U.S. Dist. LEXIS 83341 (E.D.N.Y. 2013), the court ordered a dive into the plaintiff’s privacy-protected Facebook account, noting that “in seeking emotional distress damages, Plaintiff has opened the door to discovery.” The Court cautioned that unfettered access would not be allowed, but anything related to alternate stress

factors was clearly relevant. *See also Moore v. Miller*, 2013 U.S. Dist. LEXIS 79568 (D. Colo. 2013) (ordering disclosure of plaintiff’s “entire Facebook activity” because it may be relevant to his claims of emotional distress and physical injury).

In Chelsea’s case, a case could be made that the defense is entitled to other possibly embarrassing photos as well as any message traffic that shows how Chelsea took it when a friend “liked” such a photo – was she really embarrassed by pictures like these, or proud? Of course, Chelsea’s Facebook account is likely very different now than it was then. She likely has changed her privacy settings. She likely has taken down posts of other possibly compromising pictures and chats. But if so, she will have that whole spoliation thing to deal with. Have fun in discovery, Chelsea.

You can’t make this stuff up. No, wait, yes you can. The admissibility of evidence found on the Internet and Facebook in particular presents unique authentication issues for the very reason that anyone can pretty much post anything they like. And friends or strangers can create total fictions.

Fraudulent Facebook postings are so common that there is a term for it: Statutory Frape. Someone hacks your account; or you use a public terminal and forget to log out; or someone merely creates an account using

your name. Ask Manti Te’o – the Notre Dame linebacker who fell in love with a woman who turned out not to be a woman but a man – or Diane O’Meara, the actual woman whose photo was used without her knowledge to create a false Facebook account to sell the hoax to Manti.

But put aside fraud and pranks. Consider what we voluntarily do to ourselves. Chelsea merely embarrassed herself, or so she says. Toby got fired; Franklin got jailed. And there are legions of similar stories. Dennis Morris had his parole revoked in part because he posted a picture of himself holding a firearm. *United States v. Morris*, 2013 U.S. App. LEXIS 4510 (4th Cir. 2013); Sara Jaszczyszyn was fired when, while she was on disability leave, she posted pictures of herself reveling at a local beer festival. *Jaszczyszyn v. Advantage Health*, 504 Fed. Appx. 440 (6th Cir. 2012).

So here is my advice. Don’t post anything to your Facebook account unless your mother has approved it first. Of course, that wouldn’t have worked for Chelsea – her mother’s friend took the picture. But it would probably work for the other billion of us.

# DISCOVERY

## What A Privilege

By Robert L. Byman



To err is human; and lawyers are, popular conception notwithstanding, nothing but human. We make mistakes. And when we do, there are other lawyers who are happy to litigate those mistakes. You may have been foolish enough to have maybe committed a little, well, possibly, malpractice – but you are not fool enough to represent yourself. You need to consult counsel. And if you practice with more than a mirror – if you have partners – you have fiduciary duties to them, since your possible indiscretions may be imputed to them.

So you not only need to consult counsel, you need to alert your firm so that it can decide whether it too needs counsel. You need to talk – candidly – to your firm’s counsel who may also be counseling you. But can you be candid? Your client’s new lawyer who will be suing you would love to

discover that you dropped by your partner’s office and said “Hey, Sue, I think I may have committed malpractice.” How candid can you be?

In most firms of size, there are designated individuals, often with express authority and commensurate titles, who serve as general counsel to the firm. And many firms of all sizes have an individual or two or three who informally fill that role. What is their status when push comes to discovery request?

### *The Basic Concepts*

Here are some basic concepts – that don’t entirely mesh. Concept #1: Discussions among partners of their partnership’s potential problems are no different than discussions among business executives of their corporation’s problems – those discussions are discoverable.

Concept #2: But discussions between a partner or an executive with her lawyer are privileged; and an in-house lawyer is still a lawyer – so a conversation seeking legal advice in confidence between a CEO and an in-house General Counsel is privileged. There is no functional difference between the roles of a corporation’s in-house counsel and a law firm’s. So a discussion between law firm partners, one of whom is firm in-house counsel, should be privileged from disclosure. But, wait . . . wait for it, Concept #3: Lawyers owe a duty to current clients of full disclosure of any information relevant to the client’s representation, so the conversation may have to be disclosed.

### *The Basic Conundrum*

Here’s the conundrum. You think – you’re not sure, but you think – you might

have screwed up the real estate deal you are working on that is scheduled to close in three days. You can tell the client you may have erred, then withdraw, and then seek counsel. You have no duty to disclose a privileged communication to a former client. But what if your counsel says, bosh, you did just fine, you didn’t screw up. By now the deal has imploded because your client was left high and dry without counsel three days before closing; you have created a new, this time viable malpractice action.

Okay, so you can’t summarily withdraw. But if you simply go to counsel and seek advice without telling your client, what does that do to your fiduciary duty of full disclosure to your still-current client? Don’t you have to disclose? And if so, doesn’t that mean you can’t afford to be candid lest you cook your own goose? So

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the point of seeking counsel loses some of its cachet.

Of course, there's a third alternative – you could tell your client that you think there may be a problem and ask for permission to speak to counsel and consent that you don't have to spill the beans you spill to counsel to the client. Yeah, good luck with that. Why would the client agree? And even if she did, what subsequent malpractice lawyer would not argue that the consent was uninformed and coerced?

Then there's the fourth alternative. Limit your practice to Massachusetts and Georgia – each of whose State Supreme Courts have recently held that the attorney client privilege exists and prevents disclosure of communications between a law firm partner and his firm's in-house counsel. *St. Simons Waterfront LLC v. Hunter, MacLean, Exley & Dunn, PC*, 293 Ga. 419 (2013) and *RFF Family Partnership LP v. Burns & Levinson LLP*, 465 Mass 702 (2013) each squarely so hold, so long as a few conditions are met, such as that the in-house counsel has been designated as such and the in-house counsel cannot have worked on any related matter for the particular client. And you can't bill the client for the consultation. And the communication has to have all the other attributes of privilege – made in confidence for the purpose of obtaining legal advice.

So that's that, right? Massachusetts and Georgia have reached a just and fair result and we can expect other states to follow the same inevitable logic. Yes, but not so fast. Neither court addressed the ethical issue. The Georgia court expressly noted “We emphasize that this opinion is not intended to resolve the ethical quandary . . .” and “we also do not intend to minimize the importance of the ethical quandary.”

### ***The Client Is Paramount***

Welcome back to square one. If there is a conversation among partners about potential malpractice, that conversation is privileged in Massachusetts and Georgia and maybe everywhere. But it is an ethical land mine everywhere. So by all means, if you think you have screwed up, seek counsel; by all means inform and advise your firm. But you and your firm had best keep the client's interests paramount. Think long and hard before you look for ways not to tell your client everything.

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# DISCOVERY

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## Shared Experts

By Robert L. Byman



A lawyer looking for an expert witness takes out an ad in a professional journal seeking “a one-armed professor of psychiatry who has taught and practiced at least twenty years and who specializes in and has published extensively about obsessive compulsive disorder.” A call comes in: “I meet all your requirements except for being one-armed – but what could that possibly have to do with my credentials?” The lawyer answers “Well, just once, I’d like to retain an expert who doesn’t say “But on the other hand . . . “

### *My Expert Is Your Expert*

Experts. The thing is, so long as there are lawsuits, there will be opposing experts, with equally impressive credentials hired to express contrary opinions for the side that brings them to the dance. But what do you do when the other side discovers that, like most

honest experts, yours concedes that there is another hand? Suppose your opponent decides that they like your expert’s testimony so much that they want to offer it in their case? “Ladies and Gentlemen, don’t take my word for it. Take the words of the expert retained by the defendants themselves. The distinguished doctor whose credentials are so unassailable that they agreed to pay \$1000 an hour for his opinions. And he dutifully came up with the opinion they happily paid for; but then he conceded there is another hand . . . “ Choke.

Now, you know that you have no obligation, absent a showing of exceptional circumstances, to disclose the identity, much less the opinions, of experts retained in anticipation of litigation who are not expected to be called as witnesses. *F.R.Civ.P. 26(a)(4)(D)*. Any attempt to discover the opinions of a consulting

witness should easily be swatted away. But what happens once you disclose the expert as a potential trial witness? Can you take it back? Can you stop your opponent from using your witness by saying that you no longer intend to call the witness?

Your case management order requires that the parties simultaneously disclose the identities and general subjects of expertise of witnesses for which a party has the burden, so that the other side can identify rebuttal experts 30 days later; reports of the initial experts are due 30 days after that; and so on. So suppose you designate Dr. Who, but decide not to use him as a witness before filing his report? Can your opponent, Mr. What, serve interrogatories to find out what Who was going to say that got him de-listed? Or suppose you decide not to call Who *after* submitting his report but before his

deposition? Can your co-defendant, Ms. Ida Know, nevertheless compel a deposition? Suppose the deposition is taken? Can you prevent What from quoting Who at trial? Who’s on First?

### *Once A Report Is Filed The Expert Belongs To Either Side*

Actually, the answer is far less complicated or amusing than an Abbott & Costello sketch: You can change your mind and shield a witness from discovery after disclosure and *before* a report is tendered; but once an expert’s opinions are disclosed, they are fair game and can be used by either side. The mere revelation of the name of the witness doesn’t preclude a change of course, because a disclosure under *F.R.Civ.P. 26(a)(2)* requires *both* disclosure of the identity of the witness *and* an accompanied written report containing the

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opinions. *Davis v. Carmel Clay Schools*, 2013 U.S. Dist. LEXIS 70251 (S.D. IN 2013). But the report is the point of no return.

Prior to 2009, the prevailing view, with one or two outliers (*see House v. Combined Ins. Co.*, 168 F.R.D. 236 (N.D. IA 1996)), was that one could change one's mind at any time – if a designating party withdrew its disclosed expert as a witness, the witness was magically reconstituted as a consulting expert immune from discovery. *See R.C. Olmstead, Inc. v. CU Interface, LLC*, 657 F.Supp 2d 899 (N.D. OH 2009); *Sunrise Opportunities, Inc. v. Regier*, 2006 U.S. Dist. LEXIS 13024 (N.D. IL 2006). But Judge Easterbrook took the magic out of the equation in *S.E.C. v. Koenig*, 557 F.3d 736, 744 (7th Cir. 2009) when he held that “A witness identified as a testimonial expert is available to either side; such a person can't be transformed after the report has been disclosed. . . . Disclosure of the report ends the opportunity to invoke confidentiality.”

Now if it happens to you, be sure to ask for an *in limine* ruling that no mention be made of who retained the expert. That's well within the court's discretion and likely to be granted. It won't take all of the sting out, but it will help. But if you forget to ask, don't assume the appellate court will fix it. In *Peterson v. Willie*, 81 F.3d 1033 (11th Cir. 1996), the court found it was error – but not

reversible error – to allow the opposing party who called the other side's expert to elicit testimony about how the witness was retained.

### ***So It's A Good Idea To Depose Experts After All***

I have written in prior columns about the calculus of taking an opposing expert's deposition – I cautioned that you should think twice about doing it, since you are far more likely, by taking the deposition, to expand the permissible scope of the expert's trial testimony than you are to learn something useful. This was not an original thought by me – I stole it from my friend Greg Joseph, although I suspect he in turn had stolen it from Homer or some other classic. But the possibility of opponents using adverse experts' testimony raises a completely new issue. If you think there is any possibility that you may want to offer testimony from your opponent's expert, then you may want to preserve the testimony in a deposition.

In *Rosa-Melendez v. Invacare Corp.*, 709 F.Supp 2d 132 (D. PR 2010) the plaintiffs' expert died before he could file a report. Plaintiffs were given time to secure a new expert, but when the deadline approached, they announced that they would not offer their own expert but instead would rely on the defense expert. Defendants howled in protest that plaintiffs'

attempt to usurp their witness should not be allowed because (1) the designation was untimely; (2) it would disrupt defendants' relationship with their expert; and (3) the expert was beyond the subpoena power of the court. The court easily dispensed with all of that: (1) the purpose of timely disclosure is to avoid surprise; how can defendants be surprised by the opinions of their own expert?; (2) parties have no monopoly over testimony or witnesses; and (3) the logistical hurdles of actually procuring the attendance of a witness is a different question than the admissibility of the witness' testimony. Plaintiffs were allowed to designate the defendants' expert as their witness.

But how do they get the witness to trial? An expert is not a party opponent – the report is not an admission. Your opponent has no obligation to bring a non-party expert to trial. If the expert is beyond the subpoena power, and you haven't deposed her, your attempt to turn the tables by using the other side's expert may get turned on you when the other side decides not to bring the witness to trial.

So on the one hand Who's on first and on the other hand What's on Second and Ida Know what to make of it. But don't assume that you own your own expert as a witness.

# DISCOVERY

## Objectionable Objections

By Robert L. Byman



I thought they were well framed, but every question drew an objection. “How are you employed?” “Objection! Assumes facts.” “Are you employed?” “Objection! Vague.” “Do you have a job?” “Objection! Misleading, confusing, vague and ambiguous.” A bigger man would have let it go, but “Dick,” I asked opposing counsel, “when your parents named you, how did they know?”

Lawyers will be lawyers; we have all played the game. It’s hard to stay awake at a deposition if you don’t lob in an objection now and then. So I’ve done it; I’ve had it done to me. I’ve rejoined with colloquy; I’ve been colloquied right back in my face. It’s just part of litigation.

### *Objectionable Objections Are Sanctionable*

Not so fast. On July 28, 2014, U.S. District Court

Judge Mark W. Bennett imposed sanctions against a lawyer who made repeated deposition objections. *Security National Bank of Sioux City v. Abbott Laboratories*, 2014 U.S. Dist. LEXIS 102228 (N.D. IA 2014). Significantly, the Judge imposed sanctions *sua sponte* – not only did opposing counsel not complain, but he declined to take a position when the Court raised the issue on his own. Judge Bennett does not have a hair trigger. In twenty years, he has imposed sanctions on a lawyer less than five times. It was not personal. Judge Bennett went out of his way to laud the trial skills of the lawyer he sanctioned; he described the sanctioned lawyer’s partner who argued against sanctions as “one of the best trial lawyers I have ever encountered.” Clearly, he was stirred to unusual action; this is a must read opinion.

The ink is hardly dry. The sanctioned lawyer’s firm has announced its intention to appeal. After all, in our system, all men are presumed to know the law – except of course trial judges, for whom our system has provided courts of appeal. Judge Bennett’s decision may or may not stand. But for now it does.

### *Form Objections Are Bad Form*

Judge Bennett was asked to rule on objections in deposition testimony that would be used at trial, and he did not like what he saw – “excessive use of ‘form’ objections,” “numerous attempts to coach,” and “ubiquitous interruptions and attempts to clarify.” He counted 115 objections to “form” and a total of 473 instances in two depositions where counsel inserted herself – in one transcript, counsel’s name appeared on

average three times per page.

Objections were often “quibbles” – “Would it be fair to say that in your career, work with human milk fortifier has been a significant part of your job?” “Object to the form of the question. ‘Significant,’ it’s vague and ambiguous.” Often, objections were “absurdly hyper-technical” – after the witness had testified that a dryer unit was enclosed and one cannot get *into* it, the questioner asked “Can I get on the outside of the dryer?” – drawing “Everything is – I mean, outside of the dryer is a huge expanse of space; anything that’s not inside the dryer is outside the dryer, so I object . . . [Groucho Marx observed that “outside of a dog, a book is man’s best friend; inside of a dog, it’s too dark to read.”]

Judge Bennett holds that it is improper to object to form without specifying what is actually wrong with

the form. You cannot get away with “Objection. Form.” The objection must be “Objection. Form. No foundation.” Or

“compound” or “leading” or “assumes facts” or whatever.

But Judge Bennett did not base his sanction on form objections, because he recognized that other courts have permitted, if not *required*, that objections be limited to “form.” *See, e.g., Druck Corp. v. Macro Fund*, 2005 U.S. Dist. LEXIS 16721, \*12 (S.D.N.Y. 2005) (“Any ‘objection as to form’ must say only those four words, unless the questioner asks the objector to state a reason”). So Judge Bennett gave a pass in recognition that other courts have acted differently, but there is only one “Get out of jail free card.” “Unspecified ‘form’ objections are improper and will invite sanctions if lawyers choose to use them in the future.”

### ***Coaching Is Really Bad Form***

And no pass for coaching. Judge Bennett found repeated examples, such as when counsel injected “Object to the form of the question. It’s a hypothetical; lacks facts.” – leading the witness to respond “Yeah, those are hypotheticals.” Or, after a question was posed about why Abbott uses pasteurization, counsel interposed “If you know, and you’re not a production person, so don’t feel like you have to guess.” –

drawing the witness to “I don’t know.”

Numbers matter. Judge Bennett noted that he would not have even considered sanctions *sua sponte* had there been only a handful of improper objections. “Depositions can be stressful and contentious, and lawyers are bound to make the occasional improper objection.” A handful is a handful; 473 is a sanctionful. Judge Bennett’s imposed sanction is that the lawyer or one of her partners prepare an instructional video that describes the holding and rationale of his opinion and provides specific steps to comply in future depositions.

### ***Lessons To Be Learned***

We may never get to see that video. But whether or not the video ever makes prime time, there are some lessons here.

*First*, feel free to have a little fun, but not too much fun. You can probably get away with a few bad objections. Probably not several hundred.

*Second*, don’t just object to form. Add the reason. If you can’t think of a reason – aha! – then don’t object. [This is the legal analog of Will Rogers’ investment advice: “Buy a stock, wait for it to rise in value, then sell it; if it doesn’t rise, don’t buy it.”]

*Third*, coach your witness during preparation, not during the deposition. If your witness screws up, fix it later rather than interject.

*Fourth*, say a little prayer, there but for the grace of God go we. As I reflect upon how I have in the past comported myself at depositions, it could well have been me making a video. It would certainly have been my good friend Dick.

# DISCOVERY

## Topical Objections

By Robert L. Byman



The distressed witness turns to the judge. "Your Honor," pled the witness, "I swore to tell the truth, the whole truth and nothing but the truth, but every time I try, some lawyer objects."

We are trained to object. We object to document requests, to interrogatories, to questions; we object to everything. It is so much in our professional DNA to be objectionable that we even preface the answers we do give with pages of boilerplate objections (an unfortunate predilection that is a topic for another day). So naturally, when we receive a notice for a corporate representative deposition under Rule 30(b)(6) that lists 50 topics, most of them irrelevant and overreaching, we object, right? Right. Right as rain.

### *Right As Rain?*

Wait. Why is rain right, unless you are a farmer or a Californian? Turns out it is

not right to object to 30(b)(6) topics – and if you do, if that's all you do, you may subject your client to sanctions.

In *Kingery v. Quicken Loans, Inc.*, 2014 U.S. Dist. LEXIS 33216 (S.D. W.Va. 2014), Alisha Kingery hit Quicken with a 30(b)(6) notice with over 90 topics; Quicken hit back with formal objections, filing them with the court. When the deposition was taken, Quicken's witness was not prepared to answer questions on many of the objected-to topics, and counsel instructed her not answer questions on objected-to topics.

Kingery filed a motion to compel – which Magistrate Judge Tinsley granted, ordering Quicken to produce a witness on all topics. Instead, Quicken filed a motion for a protective order, seeking to limit the scope of the topics. Judge Tinsley denied the motion and found that

Quicken was in violation of the Order to produce a witness. Of course, Quicken filed Objections to the Magistrate's decision to the District Court.

The Magistrate and District Judge Goodwin each addressed the merits and found the merits meritorious; but no sanctions were entered by either as a result of Quicken's strategy other than to order a further deposition. So it is hard to assess how seriously the two judges took that strategy to task. But to task they did take it – they clearly held that Quicken had taken the wrong course. The District Court unequivocally held that when a corporation objects to a notice of *Rule 30(b)(6)* deposition, the proper procedure is not to object, not to instruct, but to file a motion for protective order. And Quicken's motion for a protective order, filed after it had objected, after it had

instructed, and after it had lost a motion to compel, "simply came too late."

### *Quicken Knew Better*

Strangely, neither judge commented on the somewhat glaring fact that Quicken ought to have known better. Quicken had decided to object to the topics rather than move for a protective order on July 25, 2013. But exactly three months earlier, on April 25, 2013, another Magistrate Judge in the same District Court, Judge Eifert, had actually sanctioned Quicken for exactly the same strategy. In *Robinson v. Quicken Loans, Inc.*, 2013 U.S. Dist. LEXIS 59127 (S.D. W.Va. 2013), Ms. Robinson served a 30(b)(6) notice with seven topics; Quicken objected to a number of the topics and produced a witness prepared to testify only on the topics to which no objections were made.

Judge Eifert found that the proper procedure to take issue with the scope of a 30(b)(6) notice is to file for a protective order. Objections do not suffice; and producing a witness who is unprepared to testify to a topic “is tantamount to a failure to appear” for which Rule 37(d) sanctions are mandatory. Observing that the court must impose the least harsh sanction that addresses the prejudice caused and that deters the sanctionable conduct, Judge Eifert ordered that Quicken pay the full travel costs for the resumed deposition.

Insanity, Einstein tells us, is doing the exact same thing expecting a different result the second time. What could Quicken have been thinking? Now, these two cases were both in West Virginia, yet in different divisions, before different judges, and Quicken was represented by different counsel. But Judge Goodwin certainly knew about – he cited to – the *Robinson* case. If sanctions are intended to deter future similar conduct, how could there not have been some consequence to Quicken apart from having its objections denied?

***There Will Be Consequences, Someday***

A rhetorical question, of course. But don't be quicken to think you can escape sanctions if you don't follow the right course. For example, in *Lykins v. Certainteed Corp.*, 2012 U.S. Dist. LEXIS 115145, 9-

11 (D. Kan. Aug. 16, 2012), the court entered sanctions – the reasonable costs and expenses of reconvening the deposition – where a party had instructed a witness not to answer questions on a disputed topic. In *Beach Mart, Inc. v. L&L Wings, Inc.*, 2014 U.S. Dist. LEXIS 140997 (E.D.N.C. 2014), the court awarded both monetary and case dispositive sanctions – including issue preclusion on the assertion of trademark infringement claims.

Now, let's be clear. The near-nuclear sanctions entered in *Beach Mart* were not solely the result of failing to seek a protective order to address over-broad 30(b)(6) topics. There were much sexier abuses, such as bad faith, false testimony, gamesmanship and eyebrow raising document production issues. I can offer you multiple cases that say without hesitation that the only proper way to object to a 30(b)(6) notice is not to object, but rather to seek a protective order. I can offer multiple cases that say that Rule 37 sanctions are automatic for failures to properly respond to a 30(b)(6) notice. But I haven't yet found a case where those sanctions amounted to a berm, much less a hill of beans.

But here's the thing. Someday, some court is going to say that sanctions are supposed to actually deter improper conduct and the minimal sanctions imposed in earlier cases have failed to move our

conduct to the proper side of the ledger. Someone is going to get whacked. I don't want it to be my client, or yours. So save your objections; think protective order.

# DISCOVERY

## Take Home Exams

By Robert L. Byman



The Fifth Law of Applied Terror holds that you will forget at least half the answers you memorized the night before the exam. The Corollaries to the Law are (a) if it is an open-book exam, you will forget the book; and (b) if it is a take-home exam, you will forget where you live. But if you have address labels sewn into your clothes, wouldn't it be relaxing if we could always take the questions home?

Not in Judge F.A. "Pappy" Little's court. Judge Little famously observed in *Greenway v. International Paper Co.*, 144 F.R.D. 322, 325 (W.D. La. 1992) that "a deposition is not a take home examination" as he struck proffered errata sheets that sought to make substantive changes to deposition testimony. A nice turn of phrase, but it is the minority view. You actually can in most jurisdictions take the exam home. The real

question is not whether you can but whether you should. And with a few exceptions, I suggest that the answer is "hell, no." The major exception is for 30(b)(6) depositions – where the answer ought to be "yes, oh, boy, yes!"

### ***Witnesses Have The Right – But Not The Obligation – To Sign A Transcript***

First, let's review. Rule 30(e) permits a witness to take the exam home and submit errata – in form or substance – so long as a reservation of right is made on the record at the deposition and the changes are submitted with an explanation for the change within 30 days after the transcript is available. The errata are attached, but the original transcript is maintained, so the witness will have to explain the changes at trial – but the take-home answer is

preserved. *Podell v. Citicorp Diners Club, Inc.*, 112 F.3d 98, 103 (2d Cir. 1997).

Now, Judge Little and the courts that follow his lead limit that right to typographical errors, not to actual changes of substance. The Third, Seventh, and Tenth Circuits follow the so-called "sham affidavit approach," holding that a change that contradicts the transcript is impermissible unless it can plausibly be represented as an error in transcription, such as dropping a "not." *See, e.g., EBC, Inc. v. Clark Bldg. Sys., Inc.*, 618 F.3d 253, 268 (3d Cir. 2010); *Thorn v. Sundstrand Aerospace Corp.*, 207 F.3d 383, 389 (7th Cir. 2000); *Burns v. Board of County Comm'rs*, 330 F.3d 1275, 1282 (10th Cir. 2003).

But the majority view permits a deponent to change deposition testimony so long as the technical procedures of Rule 30(e) –

reservation, reason, 30 days – are observed. There has to be a reason given for the change, but it doesn't have to be a plausible one – the court need not look into the given explanation at all. *See Pina v. The Children's Place*, 740 F.3d 785, 792 (1st Cir. 2014); *Podell v. Citicorp Diners Club, Inc.*, 112 F.3d 98, 103 (2d Cir. 1997); *Hambleton Bros. Lumber Co. v. Balkin Enterprises, Inc.*, 397 F.3d 1217, 1225 (9th Cir. 2005); *Poole v. Gorthon Lines AB*, 908 F.Supp.2d 778, 786 (W.D.La. 2012); *E.E.O.C. v. Skansa USA Building, Inc.*, 278 F.R.D. 407 (W.D. Tenn. 2012); *Devon Energy Corp. v. Westacott*, 2011 U.S. Dist. LEXIS 30786, 2011 WL 1157334 at \*4-5 (S.D. Tex. Mar. 24, 2011).

So, in every jurisdiction that follows the Federal Rules you have the right to have a witness sign an unchanged deposition; in every jurisdiction you have the right to make



typographical changes. And in a majority of jurisdictions, you have the right to change anything. But remember – a right is decidedly different than an obligation.

***And The Right – But Not The Obligation – To Offer Errata***

Have you ever had a witness sign her deposition even when there are no errata? Yes? Really? Take a closer look at Rule 30(e). There is no provision that requires a signature at all, unless changes are suggested to the transcript. So what have you done when you voluntarily have the witness sign an unchanged transcript? Nature abhors a vacuum, and punishes a volunteer.

A witness who says something different at trial and her deposition has to deal with that. “You just said the light was green? But at your deposition you said ‘red.’ Which is true?” “Well, let me explain; I was confused by your question and thought you were asking what the color must have been for the other driver who plowed into me.” But a witness who has signed her deposition has deeper issues. “Which is true? And by the way, you didn’t simply say red at your deposition. You reviewed the transcript at your leisure over the following month and certified its accuracy by signing it. So why, you naughty scoundrel, should the jury believe your different testimony today?”

OK, but you have found typos – so to correct them you must have your witness sign errata sheets, right? Maybe. How important are the typos? Are they worth the even deeper hole you will have dug? “And by the way, you didn’t simply say red at your deposition. You reviewed the transcript at your leisure over the next month. You found and corrected trivial errors like the spelling of your dog’s name. You had to look very closely to correct those errors. But you didn’t change ‘red.’ You carefully certified that was true. So why, you lying scumbag, should the jury credit today’s convenient and obviously false testimony?”

***There Are Only A Few Right Times To Exercise The Right***

So I don’t have witnesses sign depositions, except in the rare circumstance where a witness has blurted out something that could, if not corrected, result in summary judgment. It is a quaint mystery of our system that a witness is free at trial to contradict every word of her deposition, suffering only the slings of impeachment, but on summary judgment, she is not allowed to submit an affidavit contradicting the deposition to create an issue of fact to defeat the motion absent a persuasive explanation for the change. *Frost v. Walmart DC*, 2015 U.S. Dist. LEXIS 24472 (D. Me. Feb. 28, 2015).

And then there are

depositions. Magistrate Judge James Francis recently observed that he was not able to find any case addressing the interplay between Rule 30(b)(6) and Rule 30(e). *In Re Weatherford International Securities Litigation*, 2013 U.S. Dist. LEXIS 120321 (S.D.N.Y. 2013). So from *tabula rasa* he reasoned that a 30(b)(6) deposition can be a take home examination. And why not? Even in those jurisdictions that apply the sham-affidavit rule to errata changes, most (not all but most) turn on the persuasiveness of the explanation for offering changed testimony. When an individual who has sworn from personal recollection does a ueey, the new answer is inherently suspect. But when a corporate representative who has limited or no personal knowledge mouths the collective corporate mind, it is inherently understandable – indeed the Fifth Law of Applied Terror predicts – that she might forget the right answer.

***Take It Home***

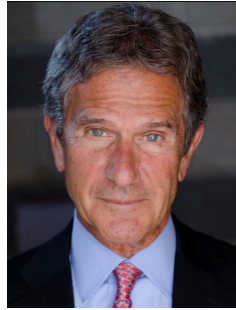
It can be daunting to produce a 30(b)(6) witness, who has to assemble and recall the collective wisdom of an entire company in the hostile environment of examination under oath. But it takes the daunt out of the process to know that the answers can be augmented, clarified and corrected under 30(e). Nothing quells the terror of an examination like

knowing you can take it home and think things through – at least when you have a firm idea of where you live.

# DISCOVERY

## Boilerplate

By Robert L. Byman



It's scary that I remember the Second City skit like it was yesterday, since it was actually fifty years ago. An actor playing Soviet Premier Nikita Khrushchev (ask your parents, or maybe your grandparents) on a visit to the UN was asked by a U.S. reporter "Are the US and USSR headed for war?" Nikita boomed for nearly three minutes in bombastic Russian, as he gesticulated wildly, took off his shoe and pounded it on the table. When he finished his interminable rant, his interpreter stepped forward and said, "No."

Funny. And we lawyers do it every day. I just opened my mail and read my opponent's latest tome, "Defendant's Answers and Objections to Plaintiff's Interrogatories." What a hoot. Let me explain. Do you have a few minutes? This will take a while.

### *Lawyers Do The Darndest Things*

Defendant's "Answers" are preceded by a "Preliminary Statement" and "General Objections" that apply, they

recite, to the entire set of interrogatories. The Preliminary Statement explains that discovery is continuing (gosh! thanks, I hadn't realized) so Defendant may not have all the information it needs to fully respond, and that Defendant reserves the right to "amend, modify, supplement, clarify or completely renege on" (okay, I made up that last bit, but the rest is a direct quote) any answers. (Well, thanks! I hadn't realized that one needed to "reserve" the right/obligation conferred by Rule 30(e) to amend and supplement.)

And then come the General Objections – 10 of them, the better part of two entire pages – which object "to the extent" that the posed interrogatories are beyond the scope of the Federal Rules, invade privilege or Eastern Europe, violate confidentiality agreements or chastity, request information the Defendant doesn't have, are not relevant, are overly broad, are vague, are too specific, are premature, are immature, and (okay, I made some of that up too, but here's one even I could not have

imagined) "is better obtained through other means of discovery." Whew.

So three pages of rant later, we finally get to my first interrogatory:

I'm paraphrasing here. "Has Defendant negotiated for or contracted with any provider other than Plaintiff for the same type of services at issue in this case?" And the particular response to that interrogatory continues the rant: "Defendant incorporates its General Objections as though fully set forth herein. Defendant further objects to this interrogatory as being improperly compound. Defendant further objects to this interrogatory because it seeks disclosure of material protected by the attorney client privilege and by confidentiality agreements with third parties and because it is vague, overbroad, and irrelevant."

And then . . . , wait for it . . . , wait for it, "Subject to and without waiving the foregoing objections, Defendant states as follows:"

"No."

Oh, Nikita, you're a riot.

Now, full disclosure. I took a second look at the

responses I myself had filed to the other side's discovery. I didn't lob in a preliminary statement, but I too had started with general objections. Only three of them, only half a page, not repeated in each answer, so not nearly so egregious as my opponent, but truth is that my high moral ground is a few snow caps short of the mountain top. They did it; I did it; I'll bet you do it too.

### *Boilerplate Objections Are Simply An Indecipherable and Ineffective Rant*

But why do we do it?

The answer, I'm sure you're thinking, is that we do it because we always have. We tell an associate to get a "form." The associate, tutored by our legal catechism to believe that an objection not made is an objection waived and terrified to miss anything, gets three forms, and squeezes out every tidbit from each into a laundry list of every possible albeit theoretical objection. And remembering the Carson Rule of Comedy – always repeat a good joke at least but no more than three times – the

associate repeats every objection as a preliminary objection, as a general objection, and as a specific objection. By God, object early and often and repeatedly. Praise the Lord and pass the boilerplate.

But not so fast. If you make boilerplate objections you *do* waive them.

Earlier this Spring, a Chicago Federal court found that general objections are no objections at all. “It is well-established that . . . generalized boilerplate objections have no effect. Courts have repeatedly warned litigants who oppose discovery that their “burden cannot be met by a reflexive invocation of the same baseless, often abused litany that the requested discovery is vague, ambiguous, overly broad, unduly burdensome or that it is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.” *In re Peregrine Fin. Grp. Customer Litig.*, 2015 U.S. Dist. LEXIS 34829 \* 11-12 (N.D. Ill. Mar. 20, 2015).

This is hardly breaking news. I can’t find a single case that says “the court approves of, commends counsel, and sustains the boilerplate objection.” But I can find plenty of cases that take the road more travelled; the bandwagon gets jumped on virtually every day, as court after court re-affirms that general boilerplate objections are no objections at all. I drafted this article on July 6, 2015 – so, giving myself a 90 day window prior to that, I searched “boilerplate w/2 objection” and found at least a dozen newly reported cases – in six jurisdictions where I will think twice before making general objections. Kentucky: “boilerplate objections do not accomplish the task [of raising

a valid objection]” *Aprile Horse Transp. v. Prestige Delivery Sys.*, 2015 U.S. Dist. LEXIS 86379, 4-5 (W.D. Ky. July 2, 2015); Oregon: “Boilerplate, generalized objections are inadequate and tantamount to not making any objection at all.” *Makaneole v. SolarWorld Indus. Am.*, 2015 U.S. Dist. LEXIS 84145, 5-6 (D. Or. June 25, 2015); Kansas: “To the extent that the boilerplate objections lack specificity, ShipMate has not met its burden to show why the discovery requests are improper.” *U, Inc. v. ShipMate, Inc.*, 2015 U.S. Dist. LEXIS 79694, 10-11 (D. Kan. June 19, 2015); California: “General or boilerplate objections—specifically that discovery requests are ‘overly broad, burdensome, oppressive and irrelevant’—are insufficient to meet [the] burden.’ *In re Facebook Privacy Litig.*, 2015 U.S. Dist. LEXIS 75962 (N.D. Cal. June 11, 2015); Nevada: “Boilerplate, generalized objections are inadequate and tantamount to making no objection at all.” *Sprint Nextel Corp. v. Ace Wholesale, Inc.*, 2015 U.S. Dist. LEXIS 75803 (D. Nev. June 10, 2015); West Virginia: “general objections to discovery, without more, do not satisfy the burden of the responding party . . . because they cannot be applied with sufficient specificity to enable courts to evaluate their merits . . . ; boilerplate objections regurgitating words and phrases from Rule 26 are completely unacceptable . . . ; by continuing to raise improper, non-particularized objections, counsel runs the risk of waiving any valid objections that may exist.” *Jones v. Bank of Am., N.A.*, 2015 U.S. Dist. LEXIS 52214, 10-11 (S.D. W. Va. Apr. 21, 2015).

Indeed, some courts are beginning to reach the end of their good will with lawyers like you and me who raise general objections simply because we always have and are afraid not to. “*This Court has remarked on the continued use of general objections with some impatience*, and has advised litigants in clear terms that their burden cannot be met by a reflexive invocation of the same baseless, often abused litany.” *Buonauro v. City of Berwyn*, 2011 U.S. Dist. LEXIS 56194, 4-5 (N.D. Ill. May 25, 2011) (emphasis added).

Judge Paul Grimm of the District Court of Maryland is not merely impatient about the practice – his standing discovery order *expressly prohibits* lawyers who appear before him from making such objections: “Boilerplate objections (e.g., objections without a particularized basis, such as “overbroad, irrelevant, burdensome, not reasonably calculated to identify admissible evidence”), as well as incomplete or evasive answers, will be treated as a failure to answer pursuant to Fed. R. Civ. P. 37(a)(4). For that reason, boilerplate objections are prohibited.”

### ***Can Sanctions Be Far Behind If We Don’t Listen?***

Forget the fact that you’ve always done it. Discount the fact that everybody does it. Get over your fear that you may waive an objection if you don’t raise every possible one. If you have a valid objection to an interrogatory, make it – tailored to the particular interrogatory. But don’t make general objections.

Or, if you can’t help yourself, at least make your objections in Russian – they’ll be no less effective that way,

and maybe you won’t be sanctioned for the indecipherable content.

Do svidaniya, tovarich.

# DISCOVERY

## Scripts

By Robert L. Byman



“With all due respect” almost never is. We invariably use the phrase as an introduction to an insult. But just this once, I mean it. With all due respect, many judges continue to get it wrong about Rule 30(b)(6). Not all, but too many. I respect these judges, I do, and for the most part their error is harmless; but they are wrong. They can be forgiven, because their error has been repeated in legions of reported cases. But they are wrong.

### ***A 30(b)(6) Witness Must Be Prepared To Convey Knowledge But Need Not Have Knowledge***

Two opinions, each issued a few weeks ago out of the same Southern District of New York, illustrate the right and wrong. Judge Forrest got it right. Discussing the requirement that a Rule 30(b)(6) deponent must assemble and be prepared to testify to the corporation’s collective knowledge, she correctly added “To be clear, a 30(b)(6) witness need not have personal knowledge of a topic

so long as he is prepared to speak to it.” *Rembert v. Cheverko*, 2015 WL 5918185, at \*4 (S.D.N.Y. Oct. 9, 2015). But her colleague, Judge Maas, got it, with all due respect, wrong, stating that the organization “must make a conscientious good faith endeavor to designate the persons having knowledge.” *Eid v. Koninklijke Luchtvaart Maatschappij N.V.*, 2015 WL 5772951, at \*2 (S.D.N.Y. Oct. 2, 2015). Both judges agree that the witness has to *be knowledgeable*, has to show up prepared to answer questions about the corporation’s knowledge; where they disagree is whether the witness must *have* or simply be prepared to *convey* the entity’s knowledge.

Judge Maas can be forgiven, if for no other reason than that his view appears to be more universally espoused. In my unscientific and certainly not academically disciplined research, I found six other reported cases in the last several months that wrote on the subject – and five of those agreed with Judge Maas.

*Risinger v. SOC, LLC*, 306 F.R.D. 655, 662 (D. Nev. 2015)(“a corporation has a duty under Rule 30(b)(6) to provide a witness who is knowledgeable”); *Omega Hosp., LLC v. Cmty. Ins. Co.*, 2015 WL 5665013, at \*3 (E.D. La. Sept. 24, 2015) (corporation must designate *knowledgeable* representative); *Oakley, Inc. v. Neff, LLC*, 2015 WL 5311392, at \*2 (S.D. Cal. Sept. 11, 2015)(the entity is “obligated to produce the ‘most qualified’ person to testify”); *DRFP, LLC v. Republica Bolivariana de Venezuela*, 2015 WL 5244440, at \*3 (S.D. Ohio Sept. 9, 2015 (the entity “should produce the witness with the most knowledge”). *Osborne v. Mountain Empire Operations, LLC*, 2015 WL 3745136, at \*1 (W.D. Va. June 15, 2015)(“The corporation must make a good-faith effort to designate people with knowledge”). Only one case correctly observed that “a corporation has an affirmative duty to provide a witness who is able to provide binding answers on behalf of the corporation but such witness

need not have personal knowledge of the designated subject matter.” *McMillan v. Dep’t of Corr.*, No. 5:13-CV-292-WS-GRJ, 2015 WL 5169214, at \*3 (N.D. Fla. Sept. 3, 2015).

Let’s actually look at the Rule. 30(b)(6) requires an entity to “designate one or more . . . persons who consent to testify on its behalf; . . . The persons designated must testify about information known or reasonably available to the organization.” The Rule nowhere requires that the designated persons be possessed of any personal knowledge. They do not even have to be employees of the entity. The entity can designate anyone – its CEO, or its lawyer or its mailman. It can hire an actor. Okay, I know judges whose eyebrows would arch into weapons at mailmen and actors, but the Rule doesn’t preclude them. The Rule simply requires a being with a pulse prepared to answer questions.

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***The Best Way For Someone  
Without Knowledge  
To Convey Knowledge Is To  
Work From A Script***

That's the key – prepared to answer questions, about the entity's collective knowledge. And once we all agree to that we can take the next step – a 30(b)(6) witness should be entitled to use and rely upon a written script to aid her testimony.

A script? Yes, think about it. You represent Mega Corporation in bet-your-company litigation and get a 30(b)(6) notice with 100 distinct topics that cover five years of history, 50,000 relevant e-mails and 300 individual actors. No single human being could possess the company's collective knowledge, nor could any individual memorize it. Hell, no single platoon of people could. What do you do? Designate 100 individuals? Each for 7 hours? Or designate one or two persons who know something about some of the topics, with the inevitable complaint and motion practice that the designated persons were not prepared to answer? Think other side. You represent the plaintiff, itching to get Mega's answers and get on to trial. Do you really want 100 7-hour depositions? Motion practice? No, you want efficiency, you simply want binding answers. Whichever side you are on, both sides should want a script so you give and get answers, not "I don't know."

And once you get over the wrong-headed notion that the witness ought to possess knowledge rather than be prepared to convey knowledge of others, a script makes perfect sense. Now, I don't mean script in the sense that it must be memorized and slavishly

adhered to. Script may be the wrong word; maybe summary, or outline, or talking points would be a better term. But whatever the term, the document becomes the key to an efficient deposition for both sides. The script gives you and your witness the comfort of being able to substantively respond to the designated topics without fear or misspeaking or getting boxed out of offering trial testimony. On the other side, the questioner gets actual answers. Both sides win.

Ah, but we live in an adversarial world. Both sides may win, but don't expect your opponent to necessarily see that. If you say "good morning" he says "oh yeah? Prove it." So can you have your witness use a script over opposing counsel's objection?

There is scant little authority on the propriety of using scripts. In *Zeng v. EDS Corp.*, 2007 WL 2713905 (E.D. Va. 2009), the Court had no problem with a corporate representative using a notebook that contained a 22-page summary and multiple documents during her testimony. "While it is improper for a witness to testify at trial from prepared notes under the guise of refreshing recollection, *see United States v. Morlang*, 531 F.2d 183, 190-91 (4th Cir.1975), given the duty of a corporate designee to testify to all information reasonably known to the corporation, including matters beyond the designee's personal knowledge, a well-prepared deposition notebook has the potential to enhance the accuracy and depth of a designee's testimony."

But the Court in *In re Neurontin Antitrust Litig.*, 2011 WL 253434, at \*10 (D.N.J. 2011) came to an entirely different conclusion: "[T]he

use of an outline created entirely by litigation counsel contradicts the purpose of Rule 30(b)(6) . . . A properly prepared Rule 30(b)(6) must be able to provide facts known by corporate employees who authorized the disputed denials, state that the corporation relied entirely on investigation and decisions of outside counsel, or admit that there are no facts known by the corporation. The Rule 30(b)(6) witness, however, cannot simply be a conduit for counsel's contentions."

So, here's my vote (I don't get a vote. But I live in Chicago where you need not even be alive to vote). I think scripts make sense. I see nothing in Rule 30(b)(6) that precludes their use. A script is simply a document used to refresh the entity's recollection for testimony, so it should be allowed as contemplated by F.R. Evid. 612. So you should be prepared to give your opponent the script – hopefully well in advance; and you should be prepared to let the witness be asked about the creation of the script without letting a gag-reflex to assert privilege kick in. But with all due respect, you should get on script.

# DISCOVERY

## Contend With This

By Robert L. Byman



The very worst thing you can find when you open your mail – well, okay, the second worst thing, right behind finding an unidentified white powder – is a set of contention interrogatories.

“For each action of defendant that you contend constitutes a breach of contract, state with particularity and exhaustive, picky detail each and every fact, identify each and every document (by Bates, UPC and Dewey decimal number), describe each oral communication (by detailed content, date, participant, outside temperature and tone of voice), and identify the precise paragraph, section number, phrase and type font of the contract that supports or contradicts your contention.” Or something like that.

Oh no, you think, this is awful! Unfair! Burdensome! It’s a trap! If I give wrong or incomplete answers I may be barred from using some fact or document at trial I don’t even know about yet! Object! I need to object!

OK, calm down, take a breath; call on your inner Zen.

Remember the wisdom of Sun Tzu: “On contentious ground, attack not. . . . On desperate ground, fight.” There is no need for desperation.

### *Early Contention Interrogatories Are Abusive*

Without a doubt contention interrogatories are annoying. Thirty years ago, Magistrate Judge Wayne D. Brazil nicely articulated: “the *early* knee jerk filing of sets of contention interrogatories that systematically track all the allegations in an opposing party’s pleadings is a serious form of discovery abuse. Such comprehensive sets of contention interrogatories can be almost mindlessly generated, can be used to impose great burdens on opponents, and can generate a great deal of counterproductive friction between parties and counsel.” *In re Convergent Techs. Sec. Litig.*, 108 F.R.D. 328, 337-38 (N.D. Cal. 1985). 25 years later, Judge James King agreed: “contention interrogatories propounded early in the discovery process

are often unproductive, expensive and overly burdensome . . . [and] raise the logical question: ‘Is the requesting party simply trying to inundate an opponent for an improper purpose of forcing abandonment of the cause?’” *In re Checking Account Overdraft Litig.*, 2010 WL 5136043, at \*2 (S.D. Fla. 2010).

But note the use by both judges of the adjective “early.” It isn’t so much that contention interrogatories are *per se* abusive – it’s that they are usually filed prematurely, before you have had a fair chance to garner the facts. F.R.Civ.P. 33(a)(2) provides that “[a]n interrogatory is not objectionable merely because it asks for an opinion or contention that relates to fact or the application of law to fact,” but the Rule provides the court with substantial discretion as to timing, noting that “the court may order that the interrogatory need not be answered until designated discovery is complete, or until a pretrial conference or some other time.”

Courts generally look with disfavor to early-filed broad contention interrogatories. *Cardoza v. Bloomin’ Brands, Inc.*, 2015 WL 3875916, at \*1 (D. Nev. 2015); *see also, e.g., Cable & Computer Tech. v. Lockheed Saunders*, 175 F.R.D. 646, 652 (C.D. Cal. 1997). But there is no outright prohibition on propounding contention interrogatories early on in the litigation, and as a general matter, interrogatories directing a plaintiff to state facts supporting contentions in his complaint are “entirely appropriate.” *Subramani v. Wells Fargo Bank, N.A.*, 2014 WL 7206888, at \*2 (N.D. Cal. 2014); *see also Tennison v. City & Cnty. of San Francisco*, 226 F.R.D. 615, 618 (N.D. Cal. 2005) (granting motion to compel answers to interrogatories asking plaintiff to state all facts supporting a claim).

### *But You Will Have To Answer Someday, Why Not Now?*

So you may well have an objection as to timing, but you are going to have to answer

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someday. Do the math. Your dastardly opponent, Snidely Whiplash, has served onerous contention interrogatories on you before depositions have been commenced. You suggest prematurity, but Snidely insists on answers now. What's cheaper and more efficient? Object, fight, probably win the skirmish; and answer the interrogatories a year from now? Or suck it up, answer now, and file supplemental answers a year from now? What will make the judge happier? Force a dispute you will probably win but with a little mud on both sides' shoes? Or not have a dispute at all? Back to Sun Tzu, who teaches in *The Art Of War* that the supreme goal is "to subdue the enemy without fighting." Answer now.

Embrace the work Snidely is putting you to. When you think about it, contention interrogatories are actually a gift, not a burden. They force you to think through your case and order the facts you need to prove at trial. You have to do it sometime, and the sooner you do it the less likely you will let the discovery deadline pass with some hole in your proof. Answer now. You will preface your answers by saying that you reserve the right (it is a Rule given obligation/right so you don't need to "reserve" it, but we lawyers want to leave nothing to chance) to supplement under Rule 26(e), and then you will lay out everything you know now. Simple.

Now, that will probably not satisfy Snidely. Not enough detail, he will moan, and he will bring a motion to compel no matter how hard you try to answer at this early stage. But you will tell the judge you have done your best and the judge will get it.

Courts generally resist efforts to use contention interrogatories as a vehicle to obtain *every* fact and piece of evidence a party may wish to offer concerning a given issue at trial. *Linde v. Arab Bank, PLC*, 2012 WL 957970, at \*1 (E.D.N.Y. 2012); *Ritchie Risk-Linked Strategies Trading (Ireland), Ltd. v. Coventry First LLC*, 273 F.R.D. 367, 369 (S.D.N.Y. 2010). Because the primary, legitimate purpose of contention interrogatories is to narrow the issues for trial, courts do not typically compel responses to interrogatories that seek a catalog of *all* facts or *all* evidence that support a party's contentions. *Pasternak v. Dow Kim*, 2011 WL 4552389, at \*3 (S.D.N.Y. 2011); *Switch Communications Group v. Ballard*, 2011 WL 3957434, at \*7-8 (D. Nev. 2011). Most courts tend to require parties to provide the material facts, not a detailed and exhaustive list of every possible piece of evidence. *See, e.g., Mancini v. Insurance Corp. of New York*, 2009 WL 1765295, at \*3 (S.D.Cal. 2009); *Barkley v. Life Ins. Co. of North Am.*, 2008 WL 450138, at \*1 (N.D.Tex. 2008); *Convolve, Inc.*, 223 F.R.D. at 174; *Steil v. Humana Kansas City, Inc.*, 197 F.R.D. 445, 447 (D.Kan. 2000).

#### ***Nothing In Your Answer Now Will Limit Your Proof***

And here's the real thing. So long as you remember to supplement, you aren't going to be limited by anything you say in your early answers. Rule 26(e) requires and allows supplemental responses – but a supplement doesn't necessarily have to be to add. You can also subtract, withdraw or flat out contradict an early interrogatory answer. The Advisory Committee notes to Rule 33(b) make clear that

"The general rule governing the use of answers to interrogatories is that under ordinary circumstances they do not limit proof." *See U.S. ex rel. Tyson v. Amerigroup Illinois, Inc.*, 230 F.R.D. 538, 541-42 (N.D. Ill. 2005). While there may be exceptional circumstances where a party's reliance on an answer may cause such prejudice that the court will hold the answering party to an answer, "the interrogating party will ordinarily not be entitled to rely on the unchanging character of the answers he receives and cannot base prejudice on such reliance." *Id.*; *see also Motson v. Franklin Covey Co.*, 2005 WL 1541023, \*4 (D.N.J. 2005); *Cable & Computer Technology, Inc. v. Lockheed Saunders, Inc.*, 175 F.R.D. 646, 651 (C.D.Cal. 1997); *Sperling v. Hoffmann-La Roche, Inc.*, 924 F.Supp. 1396, 1412 (D.N.J. 1996); *Lewis v. Tully*, 1984 WL 2745, \*10 (N.D.Ill. 1984); *see generally* 8B Wright, Miller, & Marcus, *Federal Practice and Procedure*, § 2181 at 105-06 (3d Ed. 2010) (parties not irrevocably bound to answer given, especially in response to contention interrogatories).

Morihei Ueshiba, the grand sensei of the martial art of Aikido, described its central principle as non-resistance. "Those with evil intentions or contentious thoughts are instantly vanquished. Aikido is invincible because it contends with nothing." Bring on the contention interrogatories. Don't resist, embrace. Snidely will lose again.

# DISCOVERY

## Keep It In Proportion

By Robert L. Byman



I thought orange was the new black, but no, I was wrong. “Given the recent amendments to the Federal Rules of Civil Procedure that became effective December 1, 2015, proportionality ‘has become ‘the new black.’” *Vaigasi v. Solow Mgmt. Corp.*, 2016 U.S. Dist. LEXIS 18460, 41-42 (S.D.N.Y. Feb. 16, 2016). No less an authority than Chief Justice John Roberts tells us that the amendments “may not look like a big deal at first glance, but they are.” See *Morrison v. Quest Diagnostics Inc.*, 2016 U.S. Dist. LEXIS 10158 (D. Nev. Jan. 27, 2016).

Magistrate Judge Peggy Neen nicely sums up the issue the 2015 amendments were meant to address: “A change in the legal culture that embraces the leave no stone unturned and scorched earth approach to discovery is long overdue. Discovery overuse and abuse is depriving ordinary citizens, even those with considerable means, of having their cases heard in federal court. Discovery is more often than not too expensive and time consuming to result in an

efficient and just result.” *Roberts v. Clark Cnty. Sch. Dist.*, 312 F.R.D. 594, 604 (D. Nev. 2016). We need to reign in the expense of discovery.

### **Proportionality Is The Key**

I have one word for you – “proportionality.” The recent amendments moved the concept of proportionality – where it had resided since 1983 – from Rule 26(b)(2)(C)(iii) (which deals with limits on discovery) to Rule 26(b)(1) (which deals with the scope of discovery). Wow. Elegant. Perfect solution. Why didn’t we think of it before 1983? Need I say more? Um, well, yes. I suspect I may need to.

Why exactly is it a big deal that we have exactly the same concept, tempered by exactly the same prior case law, that has simply been moved from one part of the Rule to another? “The 2015 amendments . . . do not change the existing responsibilities of the court and the parties to consider proportionality.” *InforMD, LLC v. DocRX, Inc.*, 2016 U.S. Dist. LEXIS 58557 (M.D. La.

May 3, 2016). A party seeking to resist discovery “still bears the burden of making a specific objection and showing that the discovery fails the proportionality calculation mandated by Rule 26(b).” *McKinney/Pearl Rest., L.P. v. Metro. Life Ins. Co.*, 2016 U.S. Dist. LEXIS 60270, 23-25 (N.D. Tex. May 6, 2016).

The substance of the Rule hasn’t is the same. The responsibility of the court and the parties to consider proportionality is the same. The burden of persuasion is the same. So what has changed? What’s the big deal?

### **The Responsibility Is Shared**

Well here it is: “the 2015 amendment does not create a new standard; rather it serves to exhort judges to exercise their preexisting control over discovery more exactly.” *Vaigasi v. Solow Mgmt. Corp.*, 2016 U.S. Dist. LEXIS 18460, 41-42 (S.D.N.Y. Feb. 16, 2016). And not just the judges. “The parties and the court have a collective responsibility to consider the proportionality of

all discovery and consider it in resolving discovery disputes.” There is “a shared responsibility on all the parties to consider the factors bearing on proportionality before propounding discovery requests, issuing responses and objections, or raising discovery disputes before the courts.” *Sinohui v. CEC Entm’t, Inc.*, 2016 U.S. Dist. LEXIS 62481, 10-11 (C.D. Cal. May 11, 2016).

OK? Well, if you have any lingering angst over exactly what it is that the amended Rule now does that the old Rule did not, it may be because you have been misled by the grand title “Federal Rules of Civil Procedure.”

“Call your mother no less than once a day” is a rule; “be nice to your mother” is an aspirational guideline. There are, to be sure, some rules to be found in the Federal Rules, but by in large what we have is not a set of Rules but rather the “Federal Aspirations of Civil Procedure.” Had we adopted a provision that “parties are entitled to one deposition for each \$250,000 in the claimed



amount of damages,” that would be a proportionality *rule*. No ambiguity. It would be a distinctly silly rule, since parties could allege anything and some important cases have no monetary component, but silly or not, it would at least be an objective standard.

“Discovery must be proportional” is a distinctly noble aspiration, but it isn’t a rule; there is nothing objective about it and ambiguity abounds.

So where does that leave us? Well, at least one Federal Judge, James Browning of New Mexico, is skeptical that the 2015 amendments will make a whit of difference in limiting discovery or cutting litigation cost. Courts have always considered proportionality, he notes; so “[t]he real import of the rule is that it will likely lead to more ‘proportionality’ objections and more disputes that the district courts will have to resolve, which is what the drafters apparently intended. . .

. . . In sum, the rules are just as likely to increase the costs of discovery as to decrease it.” *XTO Energy, Inc., vs. ATD, LLC*, et al, 2016 U.S. Dist. LEXIS 57050 (D. N. Mex., Apr. 1, 2016).

But other judges appear to be more hopeful that the amended Rule will make a positive difference. For example, in *Ballentine v. Las Vegas Metro. Police Dep’t*, 2016 U.S. Dist. LEXIS 62362 (D. Nev. May 9, 2016), Magistrate Judge George Foley raised the fact that Federal district courts have been divided on whether a Rule 30(b)(6) deposition or contention interrogatories are the more appropriate vehicle to discover a party’s legal position on a subject, such as patent claim construction. Noting that, prior to the amendments, courts often found it “is of no

consequence that contention interrogatories may be the more appropriate route to obtain the information as nothing precludes a deposition either in lieu of or in conjunction with such interrogatories,” *Security Ins. Co. of Hartford v. Trustmark Ins.*, 218 F.R.D. 29, 34 (D. Conn. 2003), Judge Foley concluded that the amendments have changed the calculus. Now, “a party’s right to pursue less efficient or duplicative discovery avenues can no longer be justified under amended Rule 26(b) given its greater emphasis on the need for proportionality in discovery. . . . Where responsive information can be provided more accurately and with less burden through one method of discovery, that method should be used. Duplicative discovery methods should be avoided.” *Ballantine, supra* at pp. 22-23.

### ***Courts Are Becoming More Involved***

It has only been a few months, and the case law is far from developed. On May 20, when I went pencils down on this article, a LEXIS search for “proportionality and Rule 26” yielded less than 300 hits. But I couldn’t find in those 300 hits anyone who, at least in print, shares Judge Browning’s pessimism or skepticism. Rather, the overwhelming majority of the opinions appear to accept the exhortation to become more involved to reduce costs. For example, in *Rickaby v. Hartford Life & Accident Ins. Co.*, 2016 U.S. Dist. LEXIS 53485, 9-11 (D. Colo. Apr. 21, 2016), the court denied a motion to compel discovery with a specific shout-out to the amendments, finding that the burden of the requested discovery outweighed the value of the information to its seeker.

The opinion doesn’t exactly say that different results would have been reached before and after the amendments, but the clear implication is that it far easier now to let proportionality decide.

And if the courts are accepting it, then so must we. “[T]he simple fact that requested information is discoverable under Rule 26(a) does not mean that discovery must be had.” *Nicholas v. Wyndham Int’l, Inc.*, 373 F.3d 537, 543 (4th Cir. 2004). We advocates have to accept that. So now, when we serve a discovery request, it is not enough to decide that the request seeks discoverable information; we owe a duty to opposing counsel, to our own client, and to the court not to seek discovery that is not proportional to the issues of the case.

Here’s a thought for the future – next time you serve a document request, how about instead of asking for anything and everything remotely connected with the litigation, just asking for what you really need to prove or defend your case? It’s not a rule, but it’s a worthy aspiration.

# THE PRACTICE

## Hold That Litigation Hold Dear

By Robert L. Byman



PT Barnum supposedly coined the famous phrase “There’s a sucker born every minute.” But there is no evidence that he ever actually said it, and his biographer notes that he was unlikely to have left evidence of saying it even if he did – since it would defeat the purpose: if you are looking for suckers, you don’t want to advertise it. Spoliation! I reckon. He probably *did* say it, but the evidence simply doesn’t exist any longer.

If PT had lived in the e-mail age, things would be different.

Your client just got a letter threatening a lawsuit. Meritless, of course, but litigation must take its course. And competent litigator that you are, you remind the client’s general counsel to immediately put a litigation hold in place to assure that no evidence is spoliated. In fact, you have already supplied the general

counsel, and all of your other clients, with a litigation hold template for just this purpose. You are on top of it.

### *A Hold Is Not Enough*

But hold on. This past July, Magistrate Judge Leonard Stark issued an opinion that should be required reading for anyone with an email address. Get the opinion. Read it. Staple it to your forehead. Send it to your clients. Litigation holds may not be enough.

In May 2012, GN sent a cease-and-desist letter to its competitor Plantronics, demanding that it cease certain practices or face an antitrust action. Bosh, thought Plantronics, this claim is totally bogus. Nevertheless, Plantronics immediately put a litigation hold in place for relevant employees. It followed up with training sessions to assure compliance. And

when a Complaint was actually filed in October 2012, it issued an updated hold, conducted additional training sessions, and sent out quarterly reminders after that. A paradigm of diligence, right? Right! Except, that is, for the sucker born that particular minute unto Plantronics.

Don Houston was Plantronics’ Senior VP of sales and a member of its twelve person Executive Committee. His sales team, of course, was central to any antitrust allegations. A month after the suit was filed and the litigation hold was well in place, Mr. Houston capped off an email exchange among his sales team with: “Team, please be careful about competitive statements like what was said below. *I would suggest everyone immediately delete this message*, thanks.” *GN Netcom, Inc. v. Plantronics, Inc.*, 2016 U.S. Dist. LEXIS

93299, \*5 (July 12, 2016). Several months later, Mr. Houston replied-to-all on another email exchange: “Given the sensitive nature of this issue and the ongoing legal issues, *please delete this entire string of emails for everyone that has been copied ASAP!*” And later still, “Team, this is an inappropriate email, *please delete immediately. Bill you should call Lou Ann directly for any information relating to competition or a competitive situation!!!*” *Id.* at \*5-6.

### *Good Luck With That Delete Instruction*

Mr. Houston followed his own direction. He deleted his copies; he also intentionally double-deleted nearly 40% of his other emails. But, you guessed it, despite telling his team to delete his instruction to delete, the Court was able to quote these clearly culpable

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communications because someone saved (or failed to take sufficient effort to delete) them.

What was he thinking? What do time-share condos, cold-sores, and email all have in common? They are all nearly impossible to get rid of. So, with concerted effort, Mr. Houston did manage to permanently delete thousands of his own emails, but his instructions to others to make deletions, not so much – they popped right up.

Judge Stark's opinion makes it apparent to me that Plantronics is populated with mostly good people. The associate general counsel comes off as a bit of a heroine – when she became concerned with Mr. Houston's observance of retention practices, she took immediate proactive steps and hired a forensic consultant to get the facts. When Plantronics found that relevant emails had been deleted, it took affirmative action to restore them. And when the company learned that Mr. Houston had defied the litigation holds, it severely sanctioned him, withholding salary and bonuses amounting to one million dollars.

The Court conceded that others at Plantronics had acted properly, diligently, in good faith. Mr. Houston had gone rogue. But he was Plantronics' rogue, and Plantronics was responsible for his behavior.

### ***There Are Different Rules For ESI***

Let's review. With the implementation of amended

F.R.Civ.P. 37(e) in December 2015, there are different rules for spoliation of electronically stored evidence (ESI) like email than for tangible evidence. The general rule of spoliation in most jurisdictions is that a party seeking sanctions for spoliation must establish (1) that the party having control over the evidence had an obligation to preserve it at the time it was destroyed; (2) that the evidence was destroyed with a culpable state of mind; and (3) that the destroyed evidence was relevant to the party's claim or defense. *Coale v. Metro-N. Commuter R. Co.*, 621 F. App'x 13, 16 (2d Cir. 2015) (quoting *Residential Funding Corp. v. De George Fin. Corp.*, 306 F.3d 99, 107 (2d Cir. 2002)). In the majority of jurisdictions, mere negligence can constitute the culpable state of mind, empowering a Court to impose spoliation sanctions ranging from nothing to case-dispositive findings. *Wandering Dago Inc. v. New York State Office of General Services*, 2015 U.S. Dist. LEXIS 69375 (May 29, 2015).

Not so with ESI. Rule 37(e)(1) empowers a court to impose sanctions without any finding of culpable state of mind, if it finds that there has been prejudice from spoliation; but the sanction must be limited to the bare minimum necessary to cure the prejudice. Rule 37(e)(2) empowers the court to impose case-dispositive sanctions such as adverse inferences or outright dismissal if, but only if the court finds intent – not

negligence, but actual intent – to deprive a party of the spoliated evidence. *See Best Payphones, Inc. v. The City Of New York*, 2016 U.S. Dist. LEXIS 25655 (February 26, 2016).

### ***Spoliation Can Turn A Case Without Merit Into One With Real Impact***

Judge Stark easily found Mr. Houston's conduct sufficient for intent to deprive, so he moved on to sanctions. He was not yet ready to impose evidentiary sanctions, since the case was not yet far enough developed to fashion anything appropriate; but he was more than ready to impose attorneys' fees (estimated to be two million dollars – see Plantronics July 7, 2016 Form 8-K), a punitive fine of three million dollars, plus an adverse inference instruction that will, advise the jury that they can infer that the destroyed emails would have helped GN prove its case against Plantronics.

In its SEC filings, Plantronics discloses that it has not taken any financial reserve for the GN case, because it “believes that the underlying antitrust action is without merit.” So let's take that on faith. The case has no merit. Yet this meritless case has already cost Plantronics \$5 million. And the jury will be instructed that they can infer merit even though there may be no evidence of that because evidence is missing. All this because a single employee decided that hold means delete.

Litigation holds are not enough. Training sessions are not enough. Employees who are given litigation holds should also be given Judge Stark's opinion – a stark reminder that there are genuine consequences to ignoring a hold.