Pretext Investigations
Some Suggested Guidelines

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Published on www.lorman.com - June 2018

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Pretext Investigations: Some Suggested Guidelines

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A. This is a thorny area of ethical practice, where the authorities and decisions are inconsistent among different jurisdictions. Investigation of the facts is required by Rule 11, and sneaky investigations are often necessary (and commonplace) to get the required information and evidence in trademark litigation practice. At a minimum, issue-awareness and due diligence are essential steps toward staying out of harm's way and complying with professional ethical obligations.

B. Check local ethics rules, disciplinary rulings and opinions and case law before embarking on a pretext investigation, in the states where you are admitted to practice, where the case is pending, and where the investigation will take place.

C. The courts in heavily commercial jurisdictions, such as New York and New Jersey, that handle a greater volume of trademark infringement, counterfeiting and deceptive trade practices cases, tend to be more receptive to a *sui generis* exception for intellectual property cases where the evidence arguably could not be obtained otherwise. Courts

in which such cases are less common are less tolerant of pretext investigations. *Compare Louis Vuitton S.A. v. Spencer Handbags Corp*., 765 F.2d 966, 227 U.S.P.Q 377 (2d Cir. 1985) (use of private investigators allowed in counterfeit handbags case) *and Nikon Inc. v. Ikon Corp,* 803 F. Supp. 910 (S.D.N.Y. 1992), *aff'd*, 987 F.2d 91, 25 U.S.P.Q.2d (2d Cir. 1993) (investigators allowed to provide evidence of passing off), *with Midwest Motor Sports, supra*.

D. You, the lawyer, should not do the pretext investigation yourself. It does not necessarily legitimatize the investigation to do it through a paralegal or private investigator, but doing the "dissembling" directly seems unnecessarily risky. Even the New York ethics opinion that approves dissembling under specified conditions is limited to exclude actions by the lawyer personally.

E. Distinguish between non-litigation or pre-litigation settings, and pending litigation. During pending litigation, you are on thinner ice, with information available through formal discovery, and the courts likely to apply the anti-communication rules more strictly. In a non-litigation context, checking for current use of a trademark as a step in trademark clearance, is closer to the safer end of the spectrum. In all cases, inquiries are safer if they are of the sort that members of the consuming public would make in routine shopping.

F. Checking and documenting patterns of business practices and transactions in the ordinary course of business is on the safer end of the spectrum. It is hard to charge that this subverts the attorney-client relationship protected by the no-contact rules, and this type of interchange pervades the decisions in which no ethical violation was found. If the underlying interview passes ethical muster, secret audiotaping or videotaping is probably acceptable as well, provided it is lawful under applicable laws on "wiretapping" or taping without permission.

G. Trying to elicit admissions as to details, decisions, motivations and effects moves to the more dangerous and unacceptable end of the spectrum. Baiting employees to make damaging admissions and reveal damaging details beyond the scope of typical exchanges with members of the general public, and risks court sanction as contacting parties represented by opposing counsel or unrepresented at all.

H. Consider exactly who is being interviewed and their role(s) in the company. Talking to sale clerks or other "public-facing" employees is on the safer end of the spectrum, as opposed to officers or managers who are more responsible in the corporate hierarchy, who are more likely to interact

with counsel and/or bind the company with their statements and actions. However, *Midwest Motor Sports* held that even sales clerks' statements would be imputed to the company and therefore, pretext interviews with them were unethical.

I. If you use a private investigator, make sure you use a top-notch, experienced one, and provide detailed instructions including do's and don't's. It would be to your advantage to have a written record of the investigation's scope and limitations, just in case you have to defend it, yourself and your investigator. If you have used a particular investigator in the past and are confident of his or her standard operating procedures, this may be less necessary on new assignments.

J. Be extra careful with an investigation or case in the Eighth Circuit (Arkansas, Iowa, Minnesota, Missouri, Nebraska, North Dakota, South Dakota), the venue of the *Midwest Motor Sports* case. Colorado warrants extra care, too, where apparently the *Pautler* case remains the rule.

K. A final point and case that should be mentioned, though technically not *apropos* of investigations, is that a lawyer or its intermediary should never misrepresent identity in negotiating to acquire trademarks or domain names. A

case of misrepresentation, *Sunrise Assisted Living, Inc. v. Sunrise Healthcare Corp*., Civil Action No. 98-1702-A, slip ops. (E.D. Va. Apr. 9 & 28, 1999), ended badly for the company whose intermediary used the false identity and alleged purpose for wanting to acquire a domain name. The acquisition was voided on common law fraud grounds. The best practice in this area is for the lawyer or agent to act, and to freely disclose he or she is acting, as agent for an undisclosed principal, which avoids misrepresentation.