

The Problem With Administering Ethical and Admissible Pretext Investigations

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Administering Ethical and Admissible Pretext Investigations: The Problem

Written by Robert W. Sacoff and Ken Taylor

- A.** Your client suspects infringement, counterfeiting, or violation of an injunction or settlement agreement, and wants to stop it by means of a civil action in federal court for an injunction and damages.
- B.** By signing the complaint, you certify to the court under Rule 11 of the Federal Rules of Civil Procedure, to the best of your knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, that the factual contentions have evidentiary support. To ascertain such support, you therefore investigate or engage a private detective to investigate exactly what the adverse party is doing and selling, and confirm that infringing activities are taking place.
- C.** If the product is mass-produced and sold to consumers on the open market, confirming on-sale availability and even purchasing samples in retail stores or over the Internet may be easy. But if the product or service is sold or provided through more esoteric channels of trade, and Internet investigation is uninformative or inconclusive, it may be necessary to go further, and contact the adverse party directly or even visit its place of business to obtain the necessary confirmation.
- D.** In the latter case, your investigator will typically propose a visit and sample purchase, using a false identity and a ruse, posing as a customer, and not an investigator, to conceal the true, investigatory purpose of the visit. This is called by many names, such as a pretext, covert, or undercover investigation. Pretense seems necessary, since any counterfeiter and most infringers would probably refuse to speak with a private investigator or anyone else who forthrightly reveals the investigatory purpose of the visit. The need for pretense is even more compelling in counterfeiting situations, since counterfeiters are notoriously

suspicious, wary of the law, and elusive. So, what could possibly go wrong when you obtain the necessary information under false, but well-intentioned, circumstances ?

- E.** Not so fast. The ethical rules that govern lawyers' conduct, including lawyers' actions when directing investigators or paralegals or others, prohibit lawyers from engaging in deceptive or fraudulent conduct, and from directly contacting those of adverse interest without their lawyers, or those unrepresented by lawyers. So how can pretext investigations, utilizing fictitious identities and false pretenses, be reconciled with these anti-deception rules ?
- F.** Various bar associations, attorney disciplinary panels, and courts around the country have addressed the difficult ethical issue of deception for laudable purposes. The outcomes and rationales are in disharmony, creating pitfalls for counsel seeking to comply with Rule 11 obligations while running a pretext investigation ethically.
- G.** Lawyers have been sanctioned and suspended by disciplinary panels for misrepresenting who they are. A glaring example, involving an extreme factual situation, was the Colorado Supreme Court's decision in *In re Pautler*, 47 P.3d 1175 (Colo. 2002). In that case, a Deputy District Attorney posed as a public defender to convince a murder suspect to turn himself over to police. The suspect had already confessed to several killings, and the district attorney employed the ruse to protect the public. This ruse was successful, and the perpetrator surrendered himself to the police. However, the lawyer was subsequently censured for unethical conduct based on the deceptive use of a false identity, and the case went all the way up to the Colorado Supreme Court. That Court affirmed the finding that the lawyer had violated Colorado ethics rules 4.3 and 8.4 for misrepresenting himself and engaging in dishonest behavior. The court stated "that licensed attorneys in our state may not deceive or lie or misrepresent, regardless of their reasons for doing so." *Id* at 1176.
- H.** *Pautler* shows that the laudable end does not always justify the deceptive means.

- I.** These issues are not restricted to lawyer disciplinary proceedings, and have also arisen directly in the courts. In the intellectual property field, defendants have made tactical use of the anti-deception ethics rules in seeking to exclude evidence obtained through pretext and deception.
- J.** These cases include accusations that the lawyer or his or her agents acted deceptively by not disclosing their true identities, or contacted unrepresented parties without making necessary disclosures, or improperly contacted represented parties of adverse interest without their lawyer's permission.
- K.** So how do you investigate without running afoul of ethical prohibitions ? Does it make a difference whether the lawyer does the investigation himself or herself or whether you use a paralegal or private investigator ? What are the pitfalls to be avoided and what do's and don't's do you give the investigator ?
- L.** A thoughtful examination of these questions for bright-line rules and distinctions will leave you disappointed, as the answers are heavily fact-dependent and vary with the governing law where your office is located, or the case is pending, and possibly even where the investigation occurs. Nonetheless, the logical starting point is the black-letter rules.

Applicable ABA Model Rules

- A.** The ABA Model Rules of Professional Conduct (the Model Rules) that embody the pertinent principles are discussed below, as they are the most modern and prevalent set of ethics rules. 42 states have adopted revised rules based on the work of the Ethics 2000 Commission, and 49 states, the District of Columbia, and the Virgin Islands have adopted the Model Rules with some variation (only California has not done so). The Model Rules include extensive comments that provide more guidance to lawyers than previous statements of ethical rules. However, neither the Model Rules nor their comments specifically answer the questions at hand.

B. On April 3, 2013, the USPTO published a final rule implementing the USPTO Rules of Professional Conduct (USPTO Rules), replacing the USPTO Code of Professional Responsibility and conforming to the Model Rules. The specific Model Rules discussed below were adopted as USPTO Rules without any variation that affects the subject matter. The detailed comparison chart is at <http://www.uspto.gov/ip/boards/oed/rulecomparison1.pdf>.

C. Pretext investigations of trademark, copyright or other intellectual property infringement usually implicate one or more of four rules of professional responsibility: truthful communications, communications with adverse parties represented by counsel, communications with parties unrepresented by counsel, and general deceptive behavior. An additional rule on using paralegals or non-lawyer assistants to do the actual investigation also comes into play on occasion.

1. ABA Model Rule 4.1 Truthfulness In Statements To Others

In the course of representing a client a lawyer shall not knowingly:

- (a) make a false statement of material fact or law to a third person; or
- (b) fail to disclose a material fact to a third person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited by Rule 1.6.

2. ABA Model Rule 4.2 - Communication with Person Represented by Counsel

In representing a client, a lawyer shall not communicate about the subject of the representation with a person the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer or is authorized to do so by law or a court order.

3. *ABA Model Rule 4.3 - Dealing with Unrepresented Person*

In dealing on behalf of a client with a person who is not represented by counsel, a lawyer shall not state or imply that the lawyer is disinterested. When the lawyer knows or reasonably should know that the unrepresented person misunderstands the lawyer's role in the matter, the lawyer shall make reasonable efforts to correct the misunderstanding. The lawyer shall not give legal advice to an unrepresented person, other than the advice to secure counsel, if the lawyer knows or reasonably should know that the interests of such a person are or have a reasonable possibility of being in conflict with the interests of the client.

4. *ABA Model Rule 8.4 - Misconduct*

It is professional misconduct for a lawyer to:

- (a)** violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another;
- (b)** commit a criminal act that reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects;
- (c)** engage in conduct involving dishonesty, fraud, deceit or misrepresentation;
- (d)** engage in conduct that is prejudicial to the administration of justice;
- (e)** state or imply an ability to influence improperly a government agency or official or to achieve results by means that violate the Rules of Professional Conduct or other law; or
- (f)** knowingly assist a judge or judicial officer in

conduct that is a violation of applicable rules of judicial conduct or other law.

D. ABA Model Rule 5.3, dealing with and supervising nonlawyer assistants.

With respect to a nonlawyer employed or retained by or associated with a lawyer:

- (a) a partner, and a lawyer who individually or together with other lawyers possesses comparable managerial authority in a law firm shall make reasonable efforts to ensure that the firm has in effect measures giving reasonable assurance that the person's conduct is compatible with the professional obligations of the lawyer;
- (b) a lawyer having direct supervisory authority over the nonlawyer shall make reasonable efforts to ensure that the person's conduct is compatible with the professional obligations of the lawyer; and
- (c) a lawyer shall be responsible for conduct of such a person that would be a violation of the Rules of Professional Conduct if engaged in by a lawyer if:
 - (1) the lawyer orders or, with the knowledge of the specific conduct, ratifies the conduct involved; or
 - (2) the lawyer is a partner or has comparable managerial authority in the law firm in which the person is employed, or has direct supervisory authority over the person, and knows of the conduct at a time when its consequences can be avoided or mitigated but fails to take reasonable remedial action.

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