

## **GUIDE TO PRETEXT INVESTIGATIONS IN U.S. TRADEMARK PRACTICE**

### **Introduction**

The Judicial Administration & Trademark Litigation Subcommittee was tasked with preparing a set of practice guidelines concerning the use of pretext investigations in trademark practice in the United States. Information concerning how a trademark is used by a third party is often required to establish a good faith basis to institute a trademark infringement or counterfeit action or even to send a cease and desist letter. Further, such information is often necessary to evaluate the availability of a trademark, determine priority of rights, or to make other fundamental business decisions concerning the adoption or use of trademarks. However, such information is often not readily available other than directly from the third party. Accordingly, it is necessary to contact the third party to elicit the information not otherwise available but without disclosing one's true identity and purpose: – (“pretexting”). This gives rise to many significant ethical and legal issues.

Attorney conduct in the United States is generally governed by state rules of ethics. Although not uniform, the state rules generally prohibit attorney deception, either directly or through subordinates, and have many other provisions that may be interpreted as prohibiting or interfering with pretexting investigations.

In 2007, INTA passed a Resolution endorsing ethical and legal pretexting as an essential tool to combat trademark infringement and counterfeiting. The Resolution urged governments to permit private pretexting or to create exceptions to prohibitions against pretexting in trademark infringement and counterfeiting investigations.<sup>1</sup> Despite INTA's efforts, the apparent prohibitions against pretexting continue in many, if not most, states.

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<sup>1</sup> See, <http://www.inta.org/Advocacy/Pages/PretextInvestigationsinUSTrademarkInfringementCases.aspx>

Nevertheless, in most jurisdictions in the United States there is an implicit understanding that exceptions exist for particular kinds of pretexting under certain circumstances.

Most recently, in 2012, INTA lent its support to efforts to amend the Colorado Rules of Professional Conduct. The amendments were aimed at creating a limited exception that would permit lawyers to “direct, advise, or supervise others” who conduct pretext investigations. The task force addressing the Colorado Rules recommended the limited exception advocated by INTA and many others; however the Standing Committee for the Colorado Rules of Professional Conduct rejected the recommendation. Consequently, the rules in Colorado against attorney deception – direct or indirect – remain unchanged.

In this uncertain ethical and legal landscape, the Judicial Administration & Trademark Litigations Subcommittee reviewed the various state rules pertaining to pretexting, exceptions to those rules, and the generally accepted practices of attorneys and investigators in this area. Based on its investigation and analysis, the Subcommittee has prepared this set of guidelines for practitioners. The Subcommittee briefly sets out (1) the applicable ABA rules and the state rules, comments and opinions that address pretexting, provides (2) brief descriptions of cases involving pretexting, and (3) of best practices and considerations for attorneys engaging in or supervising pretext investigations.

The Subcommittee’s intent is to provide sufficient background and information so that attorneys have some basic information and tools to make informed and practical decisions concerning pretext investigations.

#### **A. Pretexting: In General**

1. **Definition.** Pretexting is the use of some form of subterfuge or dissembling to obtain information or some other advantage from a third party.

2. **Use of Pretexting.** Rights to trademarks in the United States depend on the use of trademarks and the user's intent (e.g., abandonment, intent to use, infringement). As a result, trademark owners and their advisors often require information about the activities and intent of others to evaluate whether their trademark rights are being infringed, or the potential risks stemming from their own activities or plans. Sometimes information about the business activities and commercial intent of others is only available through the use of pretexting in investigations. Uses of pretexting may include:
  - a. Investigations into trademark infringement or the manufacture, distribution, or sale of counterfeit goods.
  - b. Investigation into the use of trademarks by third parties.
    - (i) Dates of use for priority purposes; and
    - (ii) Abandonment of trademarks, scope of use, or geographical use, for clearance or conflict purposes.
  - c. Investigation into the bona fide intent of a third party to use a trademark that is the subject of an intent to use application, including information about the business and its capability to offer or produce the goods or services to be identified by a trademark.
  - d. Buying trademarks or domain names under pretext.
3. **ABA Rules:** Although having obvious societal benefits such as protecting against trademark infringement and counterfeiting, the use of pretext by attorneys, investigators, or other persons under an attorney's supervision

appears to violate the plain language of many ethical rules of the ABA’s Model Rules of Professional Conduct and the states that have adopted those Rules. In addition, in some cases, pretexting could violate federal and state laws governing investigative conduct and privacy rights. Attorneys considering conducting or supervising any investigations or other activities involving pretexting need to be mindful of these ethical rules and how they have been interpreted in the jurisdictions where they practice and where the investigations occur. They must also educate themselves concerning any possible federal or state laws governing the use of pretexting in investigations to avoid violating the applicable laws.

## **B. The Ethical Obligations of Attorneys and their Agents**

### **1. Applicable ABA Rules.**

The ABA Model Rules are adopted by most states with some variations. There are many ABA ethical rules that can be implicated by pretexting activities. For example:

- a. ABA Model Rule 4.1(a). Truthfulness in Statements to Others: In the course of representing a client, “a lawyer shall not knowingly . . . make a false statement of material fact or law to a third party.”
- b. ABA Model Rule 4.2. Communication with Person Represented by Counsel: Lawyer shall not communicate “about the subject matter of a representation with a person who 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.”
- c. ABA Model Rule 4.3. Dealing with Unrepresented Person: “[A] lawyer shall not state or imply that the lawyer is disinterested.”
- d. ABA Model Rule 8.4(c). Misconduct: It is “professional misconduct” for a lawyer “to engage in conduct involving dishonesty, fraud, deceit, or misrepresentation.”

The following ethical obligations are applicable to an attorney even if the pretexting is undertaken by an investigator, legal assistant or other person under an attorney's direction or control, or whose activity an attorney ratifies.

- a. ABA Model Rule 5.3: Lawyer is responsible for another person's violation through involvement, knowledge, or supervisory authority if lawyer orders, directs, or ratifies the conduct.
- b. ABA Model Rule 8.4(a): Lawyer cannot circumvent ethical prohibitions "through acts of another."

The plain language of the ABA rules would appear to proscribe attorneys from engaging in, supervising, or ratifying investigations involving pretext.

The ABA has declined to directly address the issue of pretexting.<sup>2</sup>

## 2. State Rules, Comments and Opinions Addressing Pretexting<sup>3</sup>

No state rule expressly permits attorneys and their investigators to conduct all of the types of pretexting investigations that may be commonly undertaken in a trademark practice. Indeed, in Colorado, a proposed amendment that would allow an attorney to supervise lawful investigations (that may involve pretexting) as an exception to the prohibition of Rule 8.41 against attorneys engaging in conduct involving dishonesty, fraud, deceit or misrepresentation was rejected by the Standing Committee on the Colorado Rules of Professional Ethics.

Two states, Oregon and Wisconsin, by rule allow attorneys to supervise investigations into criminal or unlawful activities, which presumably would include counterfeiting investigations.

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<sup>2</sup> ABA Formal Op. 01-422 at 5 fn. 16 (June 2001).

<sup>3</sup> See Chart in Appendix A

Comments concerning their ethical rules in a few states, Alaska, Iowa, North Carolina, and Ohio indicate that some additional trademark pretextual investigations may be consistent with their rules.

a. Ethics Opinions Regarding Pretexting

(i) New York County Ass'n Comm. On Professional Ethics Op. 737 (May 23, 2007) concluded that "while it is generally unethical for a non-government lawyer to knowingly utilize and/or supervise an investigator who will employ dissemblance in an investigation", determined that "in a small number of exceptional circumstances dissemblance by investigators supervised by attorneys could be permitted where:

- (1) Either (i) the purpose of the investigation is to probe a violation of civil rights or intellectual property rights and the lawyer believes in good faith that the violation is taking place or is imminent, or (ii) the dissemblance is expressly authorized by law;
- (2) The evidence sought is not reasonably and readily available through other lawful means;
- (3) The conduct of the lawyer and the investigator does not otherwise violate the New York Code of Professional Responsibility or applicable law; and
- (4) The dissemblance does not unlawfully or unethically violate the rights of third persons."

In addition, Op. 737 cautioned:

- (a) The investigator must be instructed not to elicit information protected by attorney-client privilege; and
  - (b) "In most cases, the ethical bounds of permissible conduct will be limited to situations involving the virtual necessity of non-attorney investigator(s) posing as an ordinary consumer(s) engaged in an otherwise lawful transaction in order to obtain basic information not otherwise available."
- (ii) Ala. Op. 2007-05 found that during investigation of possible IP infringement a lawyer may pose as customer under the pretext of seeking services of suspected infringers on the same basis or in the same manner as a member of the general public.

- (iii) Penn. Op. 2009-02 (March 2009) concluded that a lawyer would violate ethical rules by employing investigator to “friend” an adverse witness on Facebook for the collection of impeachment evidence.
- (iv) NYCBA Formal Op. 2010-2 found that lawyer may not attempt to gain access to social networking website under false pretenses, either directly or through agent.
- (v) NY State Bar Ass’n Opin. 843 (Sept. 10, 2010) approved use of public website information and concluded Rule 8.4 was not implicated because an attorney would not be engaging in deception by accessing public portions of network. According to the opinion, this is no different than relying on print media or paid research services.

## C. Cases Addressing Pretexting

### 1. Cases Permitting Pretexting

- *Apple Corps Ltd. v. International Collectors Society*, 15 F. Supp. 2d 456 (D.N.J. 1998).  
After entry of a consent decree, the plaintiff’s lawyers called and purchased infringing products from the defendant. Thereafter, they hired investigators who used pretexts and bought infringing products. Defendants asserted that such conduct violated three ethical rules: (1) the rule restricting attorneys from communicating with “represented parties,” (2) the rule regarding an attorney’s dealings with an unrepresented party, and (3) the rule forbidding attorneys from engaging in deceitful conduct. The judge rejected each of these challenges. First, because plaintiffs’ representatives did not contact members of the defendants’ “litigation control group,” as defined under New Jersey law, but rather only low-level telephone sales employees, and because they merely asked about the availability of the infringing products, no ethical problem regarding “represented parties” was present. Second, the court narrowly read the prohibition on contact with “unrepresented parties” as applying only to lawyers “acting in their capacity as a lawyer – ‘dealing on behalf of a client’.” The court concluded that in the investigation the investigator was acting in the capacity of an investigator – not as a lawyer representing a client. Third, the Court rejected the claim that plaintiff’s use of investigators and lawyers to pose as consumers was “deceit and misrepresentation.” The court referring to civil rights and criminal cases held that the prevailing understanding in the legal profession is that a public or private lawyer’s use of an undercover investigator to detect ongoing violations of the law is not ethically proscribed, especially where it would be difficult to discover the violations by other means.
- *Gidatex v. Campaniello Imports, Ltd.*, 82 F. Supp. 2d 119 (S.D.N.Y. 1999)  
The plaintiff hired two private investigators to visit defendants’ showroom and warehouse, posing as interior designers, and to secretly tape record conversations with defendants’ salespeople. Defendants sought to exclude the investigators’ evidence on the grounds that plaintiff had violated the ABA and New York ethical rules

precluding communication with a party known to be represented by counsel and prohibiting attorneys from “circumventing a disciplinary rule through actions of another” and “engaging in conduct involving dishonesty, fraud, deceit or misrepresentation.” The court denied defendants’ motion. The court said that the ethics rules were simply not intended to prohibit the use of an undercover investigator posing as a member of the general public engaging in ordinary business transactions with the target. Otherwise, the legitimate interests of investigating potential unfair business practices would be unduly hindered.

- *Weider Sports Equipment v. Fitness First, Inc.*, 912 F. Supp. 502 (D. Utah 1996)  
The court denied a motion for a protective order to exclude evidence obtained by investigators who at the direction of plaintiff’s counsel contacted a lower level employee of the defendant. The defendant claimed that the contact violated Utah’s Rules of Professional Conduct prohibiting contact with persons represented by counsel. The Court held that a broad application of the anti-contact rule prior to the institution of litigation and to all levels of employees of a company would frustrate the requirement under Rule 11 to make a legitimate assessment of whether a valid claim for relief exists.
- *Louis Vuitton S.A. v. Spencer Handbags Corp.*, 765 F.2d 966 (2d Cir. 1985).  
The Second Circuit upheld the admission of a videotape taken by an investigator of counterfeiters explaining their operations and profits in trafficking counterfeit goods. The court said: “Where, as here, no well-founded accusation of impropriety or inaccuracy is made, testimony as to authentication is sufficient.”
- *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).  
In finding passing-off, the court relied upon testimony of investigators who represented themselves as customers in retail stores.

## 2. Cases Prohibiting Pretexting

- *Midwest Motor Sports, Inc. v. Arctic Cat Sales, Inc.*, 347 F.3d 693 (8<sup>th</sup> Cir. 2003) *affirming*, 144 F. Supp. 2d 1147 (D.S.D. 2001).  
The Eighth Circuit affirmed the exclusion of evidence obtained by an investigator who visited plaintiff’s retail franchisees posing as a customer and made secret audiotapes. The investigation occurred during the litigation. The Court determined that the plaintiff’s attorneys violated Rule 4.2 of the ABA’s Model Rules by having the investigator contact defendant’s salespersons whose statements may constitute admissions against the defendant. Further, the investigator’s posing as a customer violated Rule 8.4(c) which prohibits “conduct involving dishonesty, fraud, deceit or misrepresentation.” As the court held, “[t]he duty to refrain from conduct that involves deceit or misrepresentation should preclude any attorney from participating in the type of surreptitious conduct that occurred here.”



- *Sunrise Assisted Living, Inc. v. Sunrise Healthcare Corp.*, Civil Action No. 98-1702-A, slip op. (E.D. Va. Apr. 9 & 28, 1999)  
The court granted a summary judgment that an agreement to transfer rights in the trademark The Sunrise Club to defendants—which would have given them significant priority in use of the Sunrise trademark for assisted living facilities— was fraudulently induced by a private investigator who misrepresented his principal and his purpose. The court rescinded the agreement. Further, the court compelled production of the communications between the defendants’ counsel and their investigators, noting that any claim of protection under the attorney-client privilege or work product doctrine had been waived under the crime-fraud exception.
- *Monsanto Co. v. Aetna Casualty and Surety Co.*, 593 A.2d 1013 (Sup. Ct. Del. 1990).  
The defendant insurance company hired investigators during the pendency of litigation, to interview former employees of Monsanto. Apparently, the investigators did not inform their interviewees that they were conducting the investigation on behalf of attorneys who represented an insurance company that was engaged in a lawsuit against their former employer and made some affirmative misrepresentations. The attorney representing the insurance company told the court in oral argument that some dishonesty “was the way the system operates in litigation in this country.” The court did not agree: “Upon further reflection, I am compelled in the strongest way possible to reject counsel’s observations as being so repugnant and so odious to fair minded people that it can only be considered as anathema to any system of civil justice under law.” The court concluded that the attorneys were responsible for the actions of their investigators and had violated the rules of professional misconduct prohibiting dishonesty, among other ethical violations.
- *In the Matter of Paul Ambrose Rathburn, Jr.* (Sup. Ct. Oct. 19, 2011).  
Paul Rathburn, an attorney representing Illinois in a disability housing access case, falsely represented that he was interested in viewing portions of the building for his grandmother who was considering moving to the state. He had employed similar pretexts in his former occupation as a fair housing tester. However, his false statements as an attorney to gain access to the building were found to have violated the rules prohibiting making a false statement of material fact to a person and conduct involving dishonesty, fraud, deceit and misrepresentation, among others. He was formally reprimanded by the Illinois Attorney Registration and Disciplinary Commission.

### 3. Other Cases Involving Pretextual Conduct:

- *Flebotte v. Dow Jones & Co.*, 2001 U.S. Dist. LEXIS 21327 (D. Mass. June 28, 2001).  
In this age discrimination action, the court rejected the plaintiffs’ contention that the use of an investigator for ex parte communication with a class action plaintiff, which the court had approved in advance, was somehow inappropriate or violated any rule of professional conduct.

- *A.V. by Versace, Inc. v. Gianni Versace, S.p.A.*, 2002 WL 2012618 (S.D.N.Y. Sept. 3, 2002).

In this trademark infringement action, the district court rejected an accused infringer’s argument that the use of a private investigator, who posed as a buyer in the fashion industry, was an unfair invasion of the infringer’s privacy. The court found that the “investigator’s actions conformed with those of a business person in the fashion industry” and noted that there was no argument that the investigator had accessed any non-public part of the infringer’s venture. The court further noted the frequent, and accepted, use of evidence gathered by investigators in trademark disputes.
- *Hill v. Shell Oil Co.*, 209 F. Supp. 2d 876 (N.D. Ill. 2002).

In this civil rights putative class action, the district court rejected a request for a protective order prohibiting the plaintiffs from surreptitiously videotaping the defendants’ gas station employees to determine discriminating behavior. Defendants argued that the videotaping was a prohibited communication with a party the lawyer knows to be represented by another lawyer. After noting a split of authority in other jurisdictions over whether secretly taping salespersons is a violation of Rule 4.2, the court opined that “there is a discernible continuum in the cases from clearly impermissible to clearly permissible conduct.” Among things that lawyers and investigators cannot do: “trick protected employees into doing things or saying things they otherwise would not do or say” and “interview protected employees or ask them to fill out questionnaires.” On the other hand, likely permissible activities include: “employ persons to play the role of customers seeking services on the same basis as the general public,” and “videotape protected employees going about their activities in what the employees believe is the normal course.”
- *Mena v. Key Food Stores Co-op*, 195 Misc. 2d 402, 758 N.Y.S.2d 246 (N.Y. Sup. Ct., Kings County 2003).

In this workplace racial bias suit, the court permitted the secret recordings of plaintiffs directed by their counsel of racial slurs directed at women and African Americans. The court noted “contemporary ethical opinions” permitting secret recording by lawyers of telephone conversations with third parties. The court held that the public policy against a discriminatory and hostile work environment outweighed any ethical qualms over secret recording.
- *Design Tex Group, Inc. v. U.S. Vinyl Mfg. Corp.*, 2005 U.S. Dist. LEXIS 2143 (S.D.N.Y. 2005).

Plaintiffs owned the copyright in a particular wall covering design, which defendants were manufacturing and selling. Investigators hired by plaintiffs ordered a sample book of the defendants’ wall coverings, which contained the allegedly infringing pattern. The court found that the investigators simply made note of defendants’ normal business routine and did not interview or trick employees into making statements, and held that therefore investigators did not behave unethically, or work to by-pass attorney/client privilege.
- *Cartier v. Symbolix, Inc.*, 386 F. Supp. 2d 354 (S.D.N.Y. 2005).

In this trademark infringement action, the plaintiff obtained a preliminary injunction enjoining the defendants from altering and selling Cartier watches, based largely on

information gathered by a private investigator and an administrative assistant at the plaintiff's attorney's firm. The Court rejected defendant's motion to deny the injunction based on "unclean hands." The Court held that a public or private lawyer is not ethically proscribed from using a private investigator, especially when it would be difficult to discover the illegal activity without one.

- *Arisma Group, LLC v. Trout & Zimmer, Inc., et al*, Northern District of Texas, 2009 (Civil Action No. 3:08-CV-1268-L).  
Plaintiff owned a domain name, which it sold to defendant (at the time an anonymous third-party). The defendant purchaser was found to have misrepresented its business during the negotiation of the sale of the domain name. The Court found that this was a material misrepresentation. Even so, it granted defendant's motion for summary judgment because it found that plaintiff failed to show that it suffered any injury due to the misrepresentation.
- *In re Curry*, 880 N.E.2d 388 (Mass. 2008).  
In this attorney disciplinary proceeding, a Massachusetts attorney developed and participated in an elaborate scheme of pretext and deception that involved several false job interviews with a judge's law clerk to discredit the judge's rulings in an ongoing litigation. In finding that that lawyer's conduct warranted disbarment, the Court, distinguished the lawyer's actions from other lawful pretexting scenarios, by pointing out that in this case, the attorney's fraudulent scheme was designed to trick the witness, not to record or reproduce the witness' usual behavior.
- *In re Pautler*, 47 P.3d 1175 (Colo. 2002).  
In an attorney disciplinary action, a deputy district attorney was found to have violated the Rules of Professional Responsibility by impersonating a public defender in order to deceive a murder suspect. The Court found that the deputy district attorney's deception did not fall within exceptions in the Rules for attorneys acting under threat of harm or to avoid imminent public injury and that the deputy district attorney's designation as a peace officer did not justify the ethical violation in his capacity as a lawyer.
- *Bratcher v. Kentucky Bar Ass'n*, 290 S.W.3d 648 (Ken. 2009).  
In an attorney disciplinary action, the Court found that public reprimand was an appropriate sanction for the attorney's conduct in hiring a company to contact his client's former employer during a wrongful termination suit to determine what type of reference the former employer was giving for his client.
- *In re Ositis*, 40 P.3d 500 (Or. 2002).  
In an attorney disciplinary action, the Court found that the attorney violated the Rules of Professional Conduct prohibiting attorney misrepresentation by directing a private investigator to pose as a journalist to interview a party to a potential legal dispute.
- *McClellan v. Blazin' Wings, Inc.* 675 F. Supp. 2d 1074 (D. Colo. 2009).  
An attorney was found to have violated Colorado's rules of professional conduct where: (1) his investigator contacted an employee of a party to the underlying lawsuit, without obtaining permission from the party's attorney; (2) his investigator failed to inform the employee that he worked for opposing counsel; and (3) his investigator

surreptitiously recorded his interview with the employee. As a result, the Court precluded the use of the interview as evidence at trial.

**D. Considerations for Appropriate Pretexting Investigations**

Trademark attorneys should be aware that the plain language of the ethical rules pertaining to attorneys in almost all states would bar attorneys from employing investigators who engage in pretexting. Pretexting has only been expressly addressed in a few states by rule, comment, opinion, or court decision. Even in those cases, only a limited number of activities have been addressed. Nonetheless, the court decisions that have directly addressed the issue of pretexting suggest that in most jurisdictions the common pretexting activities utilized in many trademark investigations are in an ethical gray area. Accordingly, an attorney's actions must be governed in the light of reason and common practice and with an awareness of the inherent dangers of such investigations.

Attorneys should consider the following prior to undertaking, directing or advising about any pretext investigations:

1. With the exception of a few states there cannot be certainty that any investigation involving pretexting or dissembling will be ethically viable, even though it might follow investigation practices long or generally followed or apparently reasonable. This area is fraught with peril.
2. The rules specifically addressing pretexting, if they exist at all, vary from state to state. Attorneys who conduct their own investigations or direct the investigations or activities of others must be aware of the ethical and legal requirements of their own jurisdiction, the jurisdiction(s) where the

investigations are taking place, and the jurisdiction of any proceeding that may use information derived from such investigations.

3. **Practical Considerations for Conducting or Supervising Investigations.**

For those states that have not addressed pretexting investigations or the specific kind of investigative activity being undertaken, an attorney should be familiar with the policy considerations that have animated the ethical rules in play and those considerations that have permitted exceptions to those ethical rules. The following considerations may reduce an attorney's risk in jurisdictions where no guiding precedent exists.

- a. The pose should be as a general member of the public or a potential customer of the entity being investigated.
- b. The person from whom the information is sought should be one who deals with the public and not a member of the management or control group of a company.
- c. It is safer if the information sought is objective information, preferably information available to the public. The rules against attorneys contacting persons are designed to prevent sophisticated attorneys from tricking the unwary into admissions or violating another's attorney-client privilege.
- d. The investigation is more likely to be acceptable if there are no other reasonably available practical means to obtain the information sought.

- e. An investigation is likely more justifiable when it is directed to potentially criminal behavior or other violations of the law, rather than to obtaining information regarding use of a third party's trademark or a favorable purchase. Moreover, if it is a trademark infringement investigation, the attorney should have a good faith belief that a violation is taking place or is imminent.
- f. The investigation is more likely to be acceptable if it is conducted pre or post trial and is done, in part, to fulfill an attorney's obligations to have a good faith belief before bringing a claim. Investigations conducted after the commencement of litigation more clearly implicate the proscriptions against contacting persons represented by counsel and heighten a court's or disciplinary panel's sensitivity to honest practices.
- g. Even though attorneys are responsible for investigations that they manage, it is better, and a pretextual investigation is more likely to pass muster, if an investigation involving pretexting is conducted by someone other than an attorney and preferably by a licensed investigator. Attorneys are held to a higher standard of honesty and fair dealing. Courts are sensitive to the reputation of attorneys for honesty and the ethical strictures against dishonest behavior. Moreover, an attorney testifying as to the results of his or her investigation in a hearing or trial raises a number of evidentiary and practical concerns.

- h. An attorney directing a pretext investigation by an investigator should direct the investigator not to engage in any unlawful conduct, not to obtain information that is in the attorney-client privilege and to limit or direct the investigator's activities in other ways appropriate to the circumstances and purpose of the investigation.
- i. One obvious solution to the conundrum of pretexting investigations in jurisdictions where it is not clear that such behavior is permissible may be to have the investigation conducted under the direction of the client, such as through a client's security department. However, this still may violate the professional rules of conduct if an attorney is deemed to have ratified the pretexting acts by using the information or evidence obtained through the prohibited behavior. Further, it is not clear how much, if any, involvement an attorney might have before the attorney may be deemed to be directing or managing the investigation and would be subject to the ethical obligations surrounding an attorney's behavior. In addition, the more attenuated an attorney's involvement in a pretextual investigation, the more likely the investigation may cross the line to illegal behavior or obtaining information that is irrelevant or inadmissible. This approach has the additional drawback that the communications surrounding such activity may not be protected by attorney-client privilege or the work product doctrine.

#### 4. **Possible Repercussions to Pretext Investigations**

- a. Disciplinary proceedings against responsible attorneys.

- b. Civil or criminal liability for violations of federal or state laws governing privacy or investigative conduct.
  - c. Exclusion of evidence.
  - d. Waiver of attorney-client privilege because of the crime/fraud exception.
  - e. Tarnishment of the clients, attorneys or witnesses involved in or responsible for the investigation in court proceedings or hearings, e.g., loss of credibility or sympathy.
  - f. Bad publicity if the dishonest investigative behavior becomes public.
5. **Illegal Investigations.** Under no circumstances may an attorney conduct or direct investigations that violate the legal privacy rights of others. There are many laws both federal and state that govern certain investigative conduct, e.g., prohibitions against wiretapping and, in some states, recording conversations without the consent of all parties, and that prohibit access to certain private personal information, such as financial and health information and personal records. Examples of these laws on the federal level are: the Fair Credit Reporting Act, Gram-Leach-Bliley Act, the Federal Trade Commission Act, the Federal Wire Fraud Act and the Telephone Records and Privacy Protection Act.
6. **Use of Pretexts in Other Contexts – the Purchase of Trademarks or Domain Names.** There are, of course, circumstances in addition to investigations that attorneys may themselves or have someone under their



direction use a pretext to accomplish some task on behalf of a client. Often a client who desires to purchase a trademark or domain name will desire to do so anonymously.

Sometimes, an attorney or client may consider employing an investigator who uses a pretext to make such a purchase. The use of a pretext to purchase a domain name or trademark may be grounds for sanctions or violations. There is far less justification for pretexting in this situation as opposed to determining whether an entity is engaging in infringing or counterfeiting activities.

In the *Sunrise* case above, the court found that pretexting in such circumstances was fraud in the inducement, voided the transfer of the trademark, and concluded that the communications between plaintiff's attorneys and the investigator were not protected by the attorney-client privilege or the work product doctrine because of the fraud/crime exception to those rules.

Accordingly, it would appear to be safer that if an anonymous purchase of a trademark or a domain name is to be made by an investigator or other third party, that person should be directed not to employ a pretext, but should be directed to admit that she is representing a party who desires to remain anonymous.

**E. Prospective “Next Steps” For Advocacy**

Going forward, the Judicial Administration & Trademark Litigation Subcommittee will utilize the results of this study to engage in advocacy efforts involving both the ABA and trademark practitioners, generally.

The Subcommittee will develop an easy-reference document with practical guidelines for attorneys to use to ensure they do not find themselves in violation of ethical rules when conducting investigations of trademark cases.

## APPENDIX A

### RULES, COMMENTS AND OPINIONS IN U.S. JURISDICTIONS THAT PERMIT SOME PRIVATE

#### ATTORNEY SUPERVISION OF PRETEXT INVESTIGATIONS

State	Rule	Comment	Ethics Op.
Alabama			Op. RO-2007-05 (Sept. 12, 2007): During pre-litigation investigation of suspected infringers of intellectual property rights, a lawyer may employ private investigators to pose as customers under the pretext of seeking services of the suspected infringers on the same basis or in the same basis or in the same manner as a member of the general public.
Alaska		<b>8.4 (2009)</b> [4] This rule does not prohibit a lawyers from advising and supervising lawful covert activity in the investigations of violations of criminal law or civil or constitutional rights, provided that the lawyer’s conduct is otherwise in compliance with these rules and that the lawyer in good faith believes there is a reasonable possibility that a violation of criminal law or civil or constitutional rights has taken place, is taking place, or will take place in the foreseeable future. Though the lawyer may advise and supervise others in the investigation, the lawyer may not participate directly in the lawful covert activity.	

State	Rule	Comment	Ethics Op.
		“Covert Activity,” as used in this paragraph, means an effort to obtain information on unlawful activity through the use of misrepresentations or other subterfuge.	
D.C.			<p>D.C. Op. 323 (March 29, 2004)</p> <p>“Lawyers employed by government agencies who act in a non-representational official capacity in a manner they reasonably believe to be authorized by law do not violate Rule 8.4 if, in the course of their employment, they make misrepresentations that are reasonably intended to further the conduct of their official duties.” The opinion is specifically limited to representations made in the course of official conduct. However, some of the reasoning in the opinion is applicable to nongovernmental attorneys who supervise lawful investigations. “The prohibition against engaging in conduct “involving dishonesty, fraud, deceit, or misrepresentations” applies, in our view, only to conduct that calls into question a lawyer’s suitability to practice law.” The rule “does not encompass all acts of deceit . . .” “[t]he Rules of Professional Conduct are rules of reason. They should be interpreted with reference to the purpose of legal representation and of the law itself.”</p>
Iowa		<p><b>8.4</b> (July 1, 2005)</p> <p>“[6] It is not professional</p>	

State	Rule	Comment	Ethics Op.
		<p>misconduct for a lawyer to advise clients or others about or to supervise or participate in lawful covert activity in the investigation of violations of civil or criminal law or constitutional rights or in lawful intelligence-gathering activity, provided the lawyer’s conduct is otherwise in compliance with these rules. “Covert activity” means an effort to obtain information on unlawful activity through the use of misrepresentations or other subterfuge. Covert activity may be commenced by a lawyer or involve a lawyer as an advisor or supervisor only when the lawyer in good faith believes there is a reasonable possibility that unlawful activity has taken place, is taking place, or will take place in the foreseeable future.”</p>	
Michigan	<p><b>8.4 (2005)</b> It is professional misconduct for a lawyer to: ... (b) engage in conduct involving dishonesty, fraud, deceit, misrepresentation, or violation of the criminal law, where such conduct reflects adversely on the lawyer’s honesty, trustworthiness, or fitness as a lawyer;</p>		
New York			<p>New York County Op. 737 (May 23, 2007): “[I]t is ethically permissible in a small number of exceptional circumstances where the dissemblance by investigators is limited to identity and purpose and involves otherwise lawful activity undertaken solely for the purpose of</p>

State	Rule	Comment	Ethics Op.
			<p>gathering evidence. Even in these cases, a lawyer supervising investigators who dissemble would be acting unethically unless (i) either (a) the investigation is of a violation of civil rights or intellectual property rights and the lawyer believes in good faith that such violation is taking place or will take place imminently or (b) the dissemblance is expressly authorized by law; and (ii) the evidence sought is not reasonably and readily available through other lawful means; and (iii) the lawyer's conduct and the investigator's conduct that the lawyer is supervising do not otherwise violate the New York Lawyer's Code of Professional Responsibility (the "Code") or applicable law; and (iv) the dissemblance does not unlawfully or unethically violate the rights of third parties."</p> <p>("dissemblance is distinguished here from dishonesty, fraud, misrepresentation, and deceit by the degree and purpose of dissemblance")</p>
North Carolina		<p><b>8.4</b> (Feb. 7, 2003)  [1] Lawyers are subject to discipline when they 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, as when they request or instruct an agent to do so on the lawyer behalf. Paragraph (a), however, does</p>	

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		not prohibit a lawyer from advising a client <u>or, in the case of a government lawyer, investigatory personnel</u> , of action the client, <u>or such investigatory personnel</u> , is lawfully entitled to take.	
Ohio		<b>8.4</b> (Feb. 1, 2007) [2A] Division 9c) does not prohibit a lawyer from supervising or advising about lawful covert activity in the investigation of criminal activity or violations of constitutional or civil rights when authorized by law.	
Oregon	<p><b>8.4</b> (Dec. 1, 2006)</p> <p>(a) It is professional misconduct for a lawyer to:</p> <p>...</p> <p>(3) engage in conduct involving dishonesty, fraud, deceit or misrepresentation that reflects adversely on the lawyer's fitness to practice law;</p> <p>...</p> <p>(b) Notwithstanding paragraphs (a)(1), (3) and (4) and Rule 3.3(a)(1), it shall not be professional misconduct for a lawyer to advise clients or others about or to supervise lawful covert activity in the investigation of violations of civil or criminal law or constitutional rights, provided the lawyer's conduct is otherwise in compliance with these Rules of Professional Conduct. "Covert activity," as used in this rule, means an effort to obtain information on unlawful activity through the use of misrepresentations or other subterfuge. "Covert activity" may be commenced by a lawyer or</p>		

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	involve a lawyer as an advisor or supervisor only when the lawyer in good faith believes there is a reasonable possibility that unlawful activity has taken place, is taking place or will take place in the foreseeable future.		
Wisconsin	<p><b>4.1</b> (July 1, 2007)</p> <p>(a) In the course of representing a client a lawyer shall not knowingly:</p> <p>(1) make a false statement or a material fact or law to a 3<sup>rd</sup> person; or</p> <p>(2) fail to disclose a material fact to a 3<sup>rd</sup> person when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited by [Rule 1.6].</p> <p>(b) Notwithstanding par. (a), [Rule 5.3 (c)(1)], and [Rule 8.4], a lawyer may advise or supervise others with respect to lawful investigative activities.</p>	<p><b>4.1</b> (July 1, 2007)</p> <p>Paragraph 9b) has no counterpart in the Model Rule. As a general matter, a lawyer may advise a client concerning whether proposed conduct is lawful. See [Rule 1.2(d). This is allowed even in circumstances in which the conduct involves some form of deception, for example the use of testers to investigate unlawful discrimination or the use of undercover detectives to investigate theft in the workplace. When the lawyer personally participates in the deception, however, serious questions arise. See [Rule 8.4(c)]. Paragraph (b) recognizes that, where the law expressly permits it, lawyers may have limited involvement in certain investigative activities involving deception.</p> <p>Lawful investigative activity may involve a lawyer as an advisor only when the lawyer in good faith believes there is a reasonable possibility that unlawful activity has taken place, is taking place or will take place in the foreseeable future.</p>	<p><b>WISCONSIN COMMITTEE COMMENT</b></p> <p>Paragraph 9b) has no counterpart in the Model Rule. As a general matter, a lawyer may advise a client concerning whether proposed conduct is lawful. See SCR 20:1.2(d). This is allowed even in circumstances in which the conduct involves some form of deception, for example the use of testers to investigate unlawful discrimination or the use of undercover detectives to investigate theft in the workplace. When the lawyer personally participates in the deception, however, serious questions arise. See SCR 8.4©.</p> <p>Paragraph (b) recognizes that, where the law expressly permits its, lawyers may have limited involvement in certain investigative activities involving deception.</p> <p>Lawful investigative activity may involve a lawyer as an advisor or supervisor only when the lawyer in good faith believes there is a reasonable possibility that unlawful activity has taken place, is taking place or will take place in the foreseeable future.</p>



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