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VOL. 9, NO. 1 | REPORT | JANUARY 1, 2009



ANALYSIS

## Ethics and E-Discovery— 'Reasonable Inquiry' in The Wake of *Qualcomm v. Broadcom*

By David Cross and Ty Carson

Discovery misconduct can, and often does, lead to some sort of sanctions. These sanctions usually range from paying a portion of the other side's fees to as serious as default judgment against the errant party. The sanctions typically emanate from the Federal Rules of Civil Procedure—Rule 37, in particular—or the court's inherent authority.

But in *Qualcomm Inc. v. Broadcom Corp.*,[1] the court found an additional source of sanctions—the rules of professional conduct. The court invoked the rules of professional conduct when imposing sanctions on a number of Qualcomm's outside counsel who, according to the court, failed to respond reasonably to requests for the production of electronically stored information ("ESI").[2]

Instead of imposing monetary sanctions on the attorneys, the court decided to refer the most culpable attorneys to bar counsel. This gives rise to a whole new scope of sanctions for discovery errors, as serious as suspension and even disbarment.

While losing a case or even paying fees clearly are undesirable consequences, they generally will not put an attorney out of work. But referral to bar counsel for discovery misconduct could cause an attorney to find

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**Disclaimer:** *Nothing in this article is deemed legal advice or can be construed as legal advice. This article represents only the authors' views on general matters regarding the subjects discussed herein.*

[1] No. 05CV1958-B, 2008 WL 66932 (S.D. Cal. Jan. 7, 2008), *vacated*, No. 05CV1958-RMB, 2008 WL 638108 (S.D. Cal. Mar. 5, 2008).

[2] The court also required five named in-house counsel to work with the sanctioned outside counsel to develop a comprehensive Case Review and Enforcement of Discovery Obligations ("CREDO") protocol. Id. at *20.

 ISSN 1941-3882

herself spending her days watching *Law & Order* reruns at home rather than in the office practicing law.

**Not Really About E-Discovery?** The *Qualcomm* decision has received much attention since it issued, and it often has been characterized as an ''e-discovery decision'' offering valuable ethical lessons for discovery involving ESI. A closer read of the *Qualcomm* decision reveals, however, that it is not a traditional ''e-discovery decision.'' While the materials withheld from discovery were e-mails, the failure to produce them did not arise from a technical problem attendant to any of the electronic systems involved or from a glitch in the electronic searches used to identify relevant materials.[3]

Rather, according to the court's opinion, the attorneys who withheld these e-mails did so knowingly and deliberately.[4] In other words, their efforts revealed the existence of these e-mails, but outside litigation counsel elected not to produce them to the other side.[5] The attorneys explained their decision in what the court considered an indefensibly narrow view of the other side's discovery requests, especially given that the e-mails directly contradicted factual allegations that went to the heart of the case and were repeatedly relied upon by the attorneys through the close of trial.[6] The fact that the information had been ''electronically stored'' in e-mails seemed to be of little significance to the court's decision.

Nevertheless, the decision does indeed offer some significant ethical lessons for lawyers dealing with discovery, including e-discovery. Perhaps the most notable lesson is that, although e-discovery is a new and rapidly evolving area of the law, it nonetheless is subject to the same, long-standing ethical rules that have governed discovery for decades.

Not surprisingly, the duties to make a reasonable inquiry and a reasonably diligent effort in responding to discovery requests and not to conceal potentially relevant material compel an attorney to review and produce ESI with the same candor and good faith as with hardcopy documents stored in a rusty old file cabinet or a client's desk drawer.

## The *Qualcomm* Decision

In *Qualcomm v. Broadcom*, Qualcomm alleged that Broadcom infringed Qualcomm patents relating to certain video coding.[7] Broadcom sought to prove that Qualcomm had waived its right to enforce its patents because Qualcomm had participated in an industry standard-setting program to define the video coding standard without disclosing to other program participants that the Qualcomm patents potentially covered the standard.[8] As a result, Broadcom's discovery efforts were directed in large part toward obtaining evidence of Qualcomm's participation in the standards-setting program during the critical time period.[9]

**The Discovery Failures.** Magistrate Judge Major's opinion posits that a series of discovery failures by Qualcomm and especially its outside counsel prevented Broadcom from obtaining the necessary evidence to mount a successful defense. According to the court, during pre-trial discovery, Qualcomm failed to respond adequately to several requests for the production of ESI.[10]

Further, the court found that Qualcomm did not search the electronic files of several Qualcomm employees before their depositions.[11] Those deponents' testimony subsequently included statements that later proved to be inaccurate, but these inaccuracies went undetected because the failure to search the deponents' files left the e-mails that would have contradicted the testimony undiscovered until after the start of trial and undisclosed until after the close of trial.[12]

For example, during trial, one of Qualcomm's outside counsel discovered relevant e-mails on the computer of a Qualcomm attorney who was scheduled to give testimony. The attorney notified senior attorneys on the case. Qualcomm, according to the court, decided not to produce the relevant e-mails and not to investigate the possibility that additional e-mails containing similar subject matter might exist.[13]

**The Post-Trial Discovery.** At the end of trial, Broadcom sought sanctions against Qualcomm for its failure to produce tens of thousands of documents that Broadcom had requested in discovery. During post-trial discovery, Qualcomm searched the e-mail files of 21 employees. There, they located more than 46,000 documents (totaling more than 300,00 pages) that had been requested but not produced in pre-trial discovery.[14]

**The Misconduct.** According to the court, Qualcomm's ''counsel participated in an organized program of litigation misconduct and concealment throughout discovery, trial, and post-trial.''[15] The court concluded that had Qualcomm's outside counsel reviewed Qualcomm's records regarding the locations searched and terms utilized, they would have discovered the documents withheld.[16] The court held several outside counsel personally responsible for these discovery failures because they did not, in the court's view, perform a reasonable inquiry to determine whether Qualcomm had complied with its discovery obligations.[17]

The court seemed especially troubled by outside counsel's failure to conduct a reasonable inquiry into Qualcomm's discovery efforts before making specific factual and legal arguments to the court.[18] The court found that outside counsel assisted Qualcomm in committing an ''incredible discovery violation'' by intentionally hiding or recklessly ignoring relevant documents, ignoring or rejecting numerous warning signs that Qualcomm's document search was inadequate, and blindly accepting Qualcomm's unsupported assurances

[3] *Id.* at *3-4.
[4] *Id.* at *13, 18.
[5] *Id.* at *4.
[6] *Id.* at *13.
[7] *Id.* at *1.
[8] *Id.*
[9] *Id.* at *2.
[10] *Id.* at *6.
[11] *Id.* at *3.
[12] *Id.*
[13] *Id.* at *4.
[14] *Id.* at *6.
[15] *Id.* at *5.
[16] *Id.* at *13.
[17] *Id.* at *13-14.
[18] *Id.* at *14-15.

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that its document search was adequate.[19] The court concluded that these attorneys then used the lack of evidence to repeatedly and forcefully make false statements and arguments to the court and jury.[20]

In sum, Magistrate Judge Major's decision in *Qualcomm* indicates that the discovery failures there stemmed from:

- inadequate investigation into the location and sources of relevant ESI;
- failure to follow up on leads arising from belatedly discovered ESI;
- failure to perform searches of ESI using obvious relevant search terms; and
- inadequate coordination and communication among multiple outside counsel law firms, inside counsel and the custodians of responsive ESI. [21]

In addition to ordering Qualcomm to pay Broadcom approximately $8.5 million in costs and fees and requiring participation in a comprehensive Case Review and Enforcement of Discovery Obligations (''CREDO'') program by both inside and outside Qualcomm counsel,[22] the court concluded that several outside counsel might also have violated certain ethical duties.[23] Most notably, the court referred six of Qualcomm's outside counsel to the state bar of California for disciplinary proceedings.[24]

*Qualcomm* therefore illustrates the willingness of at least some courts to expand their arsenal of discovery sanctions instead of relying solely on traditional discovery sanctions such as attorney fee shifting,[25] adverse inferences,[26] and default judgment.[27]

## Rule 26(g) and the Rules of Professional Conduct as Deterrents to Discovery Abuse

**The Standard.** While *Qualcomm* analyzed the applicability of several rules and standards, its analysis was primarily structured around Fed. R. Civ. P. 26(g)'s ''reasonable inquiry'' requirement. Rule 26(g) requires that ''every discovery request, response, or objection must be signed by at least one attorney of record in the attorney's own name.''[28] ''By signing, an attorney . . . certifies that to the best of the [attorney]'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; and (B) with respect to a discovery request, response, or objection, it is consistent with the [Federal Rules of Civil Procedure].''[29] If a court finds that the certification requirement of Rule 26(g) has been violated, sanctions are mandatory.[30]

While the text of Rule 26(g) itself may suggest a standard for disclosure that is different from the standard for a discovery request, response, or objection, the committee notes to the 1983 amendments explain that Rule 26(g) ''simply requires that the attorney make a reasonable inquiry into the factual basis of his response, request, or objection.'' In other words, Rule 26(g) imposes an affirmative duty upon lawyers to engage in discovery in a responsible manner and to conduct a ''reasonable inquiry'' to determine whether discovery responses are sufficient and proper.[31]

**Limits on Judicial Power.** Although Rule 26(g) establishes a standard by which attorneys must perform when responding to discovery requests, *Qualcomm* illustrates the Rule's limited utility, in isolation, to deter discovery abuse. Under a strict reading of Rule 26(g) sanction authority, the court can sanction only the lawyer who signs the discovery response or the party on whose behalf the lawyer signs.[32] Thus, where other lawyers handled the discovery and failed to adhere to the standard of Rule 26(g) but did not sign the discovery response, a court could not sanction those lawyers *under Rule 26(g)*.[33]

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[19] *Id.* at *18.

[20] *Id.*

[21] *Seeid.* at *19.

[22] *Id.* at *20.

[23] *Id.*

[24] *Id.* at *1. On March 5, 2008, the district court vacated and remanded the portion of the magistrate judge's order sanctioning the six outside counsel. No. 05CV1958-RMB, 2008 WL 638108 (S.D. Cal. Mar. 5, 2008). The district court determined that remand was appropriate because outside counsel should have been permitted to introduce evidence previously protected under the attorney client privilege after finding that Qualcomm waived the privilege during the sanction proceedings. *Id.* at *3. The district court did not criticize the sanctions imposed by the magistrate judge, including the referral to bar counsel, and it reiterated the magistrate judge's ''inherent power to enforce rules of discovery in its discretion.'' *Id.* at *2.

[25] *See, e.g., Poole v. Textron, Inc.,* 192 F.R.D. 494, 510-11 (D. Md. 2000) (imposing monetary sanction of $37,258.39 jointly and severally against defendant and its attorneys).

[26] *See, e.g., Keithley v. Homestore.com, Inc.,* No. C-03-04447 SI, 2008 U.S. Dist. LEXIS 61741, at *47-50 (N.D. Cal. Aug. 12, 2008) (magistrate judge recommending that an adverse inference instruction be given to the jury following reckless and egregious discovery misconduct).

[27] *See, e.g., Malautea v. Suzuki Motor Co.*, 987 F.2d 1536 (11th Cir. 1993) (upholding default judgment for violation of discovery orders).

[28] FED. R. CIV. P. 26(g).

[29] FED. R. CIV. P. 26(g) (emphasis added).

[30] FED. R. CIV. P. 26(g)(3) (''If a certification violates this rule without substantial justification, the court, on motion or on its own, must impose an appropriate sanction on the signer, the party on whose behalf the signer was acting, or both.'')

[31] *See Qualcomm Inc. v. Broadcom Corp.*, No. 05CV1958-B, 2008 WL 66932, at *13 (S.D. Cal. Jan. 7, 2008) (citing FED. R. CIV. P. 26(g) & Advisory Committee Notes (1983 Amendment)), *vacated*, No. 05CV1958-RMB, 2008 WL 638108 (S.D. Cal. Mar. 5, 2008); *see also Poole v. Textron, Inc.,* 192 F.R.D. 494, 503 (D. Md. 2000) (citing *Dixon v. Certainteed Corp.,* 164 F.R.D. 685, 691 (D. Kan. 1996)) (''The objective standard requires that the attorney signing the discovery documents under [Federal] Rule 26(g)(2) make only a reasonable inquiry into the facts of the case. Counsel need not conduct an exhaustive investigation, but only one that is reasonable under the circumstances.'')

[32] ''If a certification violates this rule without substantial justification, the court, on motion or on its own, must impose an appropriate sanction on the *signer*, the party on whose behalf the signer was acting, or both.'' FED. R. CIV. P. 26(g)(3) (emphasis added).

[33] *Qualcomm*, 2008 WL 66932, at *13 n.9 (''[Federal] Rule 26(g) only imposes liability upon the attorney who signed the discovery request or response.''); *see also Malautea v. Suzuki Motor Co., Ltd.,* 987 F.2d 1536, 1545 (11th Cir. 1993) (''[Federal] Rule 26(g) required the judge to sanction the defendants, the attorneys who signed their discovery responses and objections, or both''); *Poole v. Textron, Inc.,* 192 F.R.D. 494, 500-511 & n.24 (D. Md. 2000) (lamenting the fact that Federal Rule 26(g) sanctions could be imposed only on attorneys who signed discovery responses but not the entire law firm); *St. Paul Reinsurance Company, Ltd., v. Commercial Financial Corp.*, 198 F.R.D. 508, 515 (N.D. Iowa 2000) (Federal Rule

The *Qualcomm* court faced this problem—several lawyers were considered culpable for the discovery failures but not all of them had signed the discovery responses certifying the propriety and completeness of the discovery efforts.[34] The court recognized the limited sanction authority of Rule 26(g) and also concluded that monetary sanctions, by themselves, offered limited deterrent effect.[35]

Therefore, the court chose to use its inherent authority in combination with the rules of professional conduct to sanction Qualcomm's most culpable outside counsel, including those who did not sign the discovery responses. In discussing outside counsel's failure to make a reasonable inquiry under Rule 26(g), the court noted the likely applicability of several rules of the State Bar of California Rules of Professional Conduct (''California Rule(s)'').

**Suppression of Evidence.** Of particular interest is the court's suggested applicability of California Rule 5-220.[36] California Rule 5-220 states that a lawyer ''shall not suppress evidence that the [lawyer or the lawyer's] client has a legal obligation to reveal or to produce.'' Most state bars hold their members responsible to a rule similar to California Rule 5-220.[37] In fact, California Rule 5-220 is similar to ABA Model Rule of Professional Conduct (''Model Rule'') 3.4 which states that a ''lawyer shall not unlawfully obstruct another party's access to evidence or unlawfully alter, destroy or conceal a document or other material having potential evidentiary value. A lawyer shall not counsel or assist another person to do any such act.''

Perhaps more importantly, at least in analyzing ethical requirements related to Federal Rule 26(g), Model Rule 3.4 states that a ''lawyer shall not in pretrial procedure, . . . fail to make [a] *reasonably diligent* effort to comply with a legally proper discovery request by an opposing party.''

While the Federal Rules dictate only procedure and not, at least expressly, ethical requirements, the language of Federal Rule 26(g) very closely correlates to Model Rule 3.4 and thus essentially imposes what amounts to an ethical duty. Thus, one could argue, a lawyer's duty under Federal Rule 26(g) to make a reasonable inquiry to ensure that the client has provided all reasonably accessible information and documents that are responsive to a discovery request essentially is an ethical duty to make a reasonably diligent effort to comply with a proper discovery request.[38]

Further, Model Rule 3.4 establishes an affirmative duty to refrain from unlawfully suppressing or obstructing, altering, destroying, or concealing evidence or counseling or assisting client to do same. This duty also finds a companion in Federal Rule 26(g), the comments to which explain that Federal Rule 26(g) imposes an affirmative duty to engage in pretrial discovery in a responsible manner that is consistent with the spirit and purposes of Federal Rules 26 through 37.[39]

The close correlation between the ethical duties of Model Rule 3.4 (and California Rule 5-220) and Federal Rule 26(g) means that an attorney's discovery obligations do not materially change when a court invokes the rules of professional conduct, as it did in *Qualcomm*. However, the scope of available sanctions changes dramatically.

Under Federal Rule 26(g), the ''nature of the sanction is a matter of judicial discretion to be exercised in light of the particular circumstances.'' A Federal Rule 26(g) sanction is often limited to a traditional discovery sanction such as ''order to pay the reasonable expenses, including attorney's fees, caused by the violation,''[40] although some courts have been more creative, such as ordering the attorney to write an article ''explaining why it is improper to assert the objections that he asserted.''[41] Violations of ethical duties can be far more serious for the individual attorney and might lead to censure, placement on probation, suspension or disbarment.[42]

It should come as no surprise that the same ethical rules and obligations apply in e-discovery as in traditional paper-based discovery. Courts following *Qualcomm's* lead may be expected to look to the rules of

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26(g) ''allows the court to impose sanctions on the signer of a discovery response''); *In re Rimsat, Ltd.*, 230 B.R. 362, 367 (N.D. Ind. 1999) (''sanctions are appropriately imposed upon the attorney who signed the offending document.'')

Interestingly, the court concluded it could not impose sanctions against Qualcomm's outside counsel under Federal Rule 37. To sanction a party's attorney personally under Federal Rule 37, the court must at a minimum first issue a discovery order. Because Broadcom never learned of the discovery violation until pre-trial discovery concluded, there had been no cause for the court to issue a discovery order. Thus, Rule 37 sanctions were not an option against outside counsel personally under the facts of the case. *Qualcomm*, 2008 WL 66932, at *8 (''Because Broadcom did not file a motion to compel, it may only seek [Federal] Rule 37 sanctions against Qualcomm.'')

[34] *Qualcomm*, 2008 WL 66932, at *13 n.9 (explaining that only the one attorney who signed the false discovery responses would be personally sanctionable under Federal Rule 26(g)).

[35] *Id.* at *13 n.9, 18 n.18.

[36] The court also suggested violations of several other ethics rules, namely California Rule 5-200 (''a lawyer shall not seek to mislead the judge or jury by a false statement of fact or law'') and California Rule 3-700 (''a lawyer shall withdraw from employment if the lawyer knows or should know that continued employment will result in a violation of these rules or the client insists that the lawyer pursue a course of conduct prohibited under these rules''). ''Attorneys' ethical obligations do not permit them to participate in an inadequate document search and then provide misleading and incomplete information to their opponents and false arguments to the court.'' *Qualcomm*, 2008 WL 66932, at *13 n.10.

[37] *See, e.g.*, District of Columbia Rules of Prof'l Conduct R. 3.4; New Jersey Rules of Prof'l Conduct R. 3.4

[38] *See Bernal v. All American Investment Realty, Inc.*, 479 F. Supp. 2d 1291 (S.D. Fla. 2007) (adopting magistrate judge's recommendation that outside counsel be referred to bar counsel for discovery misconduct including failure to make a reasonable inquiry under Federal Rule 26(g)); *cf. Malautea v. Suzuki Motor Co., Ltd.*, 987 F.2d 1536, 1546-47 (11th Cir. 1993) (chastising attorneys for failure to ethically uphold their duties under Federal Rule 26(g)); *In re Rosenthal*, No. H-04-186, 2008 WL 983702, at *11-12 (S.D. Tex. 2008) (explaining that discovery abuse by outside counsel was both a violation of Federal Rule 26(g) and the Texas Rules of Professional Conduct).

[39] Fed. R. Civ. P. 26 Advisory Committee Notes (1983 Amendment).

[40] Fed. R. Civ. P. 26(g)(3); *see also, e.g.*, *Rosenthal*, 2008 WL 983702; *Poole v. Textron, Inc.*, 192 F.R.D. 494 (D. Md. 2000) (imposing monetary sanctions).

[41] *St. Paul Reinsurance Company, Ltd., v. Commercial Financial Corp.*, 198 F.R.D. 508, 518 (N.D. Iowa 2000).

[42] ABA Center for Professional Responsibility, Survey on Lawyer Discipline Systems, Chart II (2007), available at http://www.abanet.org/cpr/discipline/sold/chart-2.pdf (last visited Sep. 23, 2008).

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professional conduct, in addition to the rules of civil procedure and the court's inherent authority, for remedies in situations involving e-discovery abuses. *Qualcomm* sends a message that courts may look to hold accountable all the attorneys responsible for discovery failures, not just those who signed the written responses.

In short, courts may look to broaden Federal Rule 26(g)'s duty to make a reasonable inquiry beyond the confines of the Rule through reliance upon the courts' inherent authority and the rules of professional conduct. However, as discussed in Part I, while this broadens the scope of sanctionable candidates and available sanctions, it does not materially change the duties under Federal Rule 26(g).

Thus, attorneys trying to discern the scope of their obligations and best practices for satisfying their ethical duty to make a reasonably diligent effort to comply with a proper discovery requests—whether that duty arises under the Federal Rules, the rules of professional conduct, or the courts' inherent authority—should be able to rely upon Federal Rule 26(g) and authorities interpreting and applying the Rule.

A review of *Qualcomm* and other key decisions indicate that the duty to make a reasonable inquiry under Federal Rule 26(g) and the duty to make a reasonably diligent effort under Model Rule 3.4 are most often implicated in four situations:

1) the coordination and communication between outside counsel and the client;

2) the preparation of witnesses for deposition and trial testimony; and

3) the coordination and communication between junior attorneys and supervising attorneys; and

4) the process of working with vendors.

## Coordination and Communication Between Outside Counsel and the Client

**Outside Counsel is Ultimately Responsible for Discovery Efforts.** *Qualcomm* illustrates the need for close coordination and communication between outside counsel and the client to satisfy the duty to make a reasonable inquiry. In short, *Qualcomm* stands for the proposition that outside counsel may not abdicate their discovery obligations to the client.

Rather, a reasonable inquiry requires that attorneys and clients work together to ensure that each understands how and where relevant materials, including electronic documents, records, and e-mails, are maintained and how best to locate, review, and produce responsive materials.[43]

At a minimum, counsel must ensure an appropriate search of electronic files of ''key players.''[44] If the client conducts the search of its own files, outside counsel must still take responsibility for ensuring that the client conducts a comprehensive and appropriate document search.[45]

Regardless of whether outside counsel or the client conducts the search, outside counsel must be aware of locations searched and the criteria used in the search, including electronic search terms, to ensure adequacy of the search.[46] ''An adequate investigation should include an analysis of the sufficiency of the document search and, when electronic documents are involved, an analysis of the sufficiency of the search terms and locations.''[47] Courts expect attorneys to at least be familiar with the relevant electronic systems and to run searches using appropriate search terms.[48]

Even local counsel is obligated to conduct a reasonable inquiry into the accuracy of the pleadings prior to signing or filing them and before making arguments based upon them.[49] *Qualcomm* did not elaborate on what a reasonable inquiry would encompass in this specific context, but local counsel should be on notice that they are at some risk if they simply rubber-stamp the discovery responses of lead trial counsel.

Based on *Qualcomm*, one could argue that local counsel must undertake some investigation to verify the reasonableness of the process—lest they find themselves culpable for the failings of others. The court did acknowledge that ''it may be reasonable for attorneys to rely on the work conducted by other attorneys,'' but it noted that ''that determination is dependent on the circumstances of each case.''[50]

**Clients Must Comply With Their Own Discovery Obligations.** While Qualcomm's outside counsel ultimately was accountable for the discovery failures found by the court, they were not the only ones sanctioned; Qualcomm itself was sanctioned. The court concluded that ''the evidence establishes that Qualcomm intentionally withheld tens of thousands of e-mails.''[51] Finding that Qualcomm had committed a ''monumental and intentional discovery violation,'' the court ordered Qualcomm to pay a monetary fine and to participate in the CREDO program, along with its outside counsel.[52]

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[43] *Qualcomm Inc. v. Broadcom Corp.*, No. 05CV1958-B, 2008 WL 66932, at *9 (S.D. Cal. Jan. 7, 2008), *vacated*, No. 05CV1958-RMB, 2008 WL 638108 (S.D. Cal. Mar. 5, 2008); *see also Metropolitan Opera Association, Inc. v. Local 100, Hotel Employees and Restaurant Employees International Union,* 212 F.R.D. 178, 181-82 (S.D.N.Y. 2003).

[44] *Zubulake v. UBS Warburg LLC,* 229 F.R.D. 422, 432 (S.D.N.Y. 2004).

[45] *Qualcomm*, 2008 WL 66932, at *9; *see also Cache La Poudre Feeds, LLC v. Land O'Lakes, Inc.,* 244 F.R.D. 614, 630 (D. Colo. 2007) (''Counsel retains an on-going responsibility to take appropriate measures to ensure that the client has provided all available information and documents which are responsive to discovery requests.''); *Wingnut Films v. Katja Motion Pictures Corp.,* No. 05-1516-RSWL, 2007 U.S. DIST. LEXIS 72953, at *54-55 (C.D. Cal. 2007).

[46] *Qualcomm*, 2008 WL 66932, at *12; *see also Fed. R. Civ. P.* 26(f)(3) (Advisory Committee Notes) (''It may be important for the parties to discuss their systems, and accordingly important for counsel to become familiar with those systems . . . .''); *Zubulake*, 229 F.R.D. at 432 (''counsel must become fully familiar with her client's document retention policies, as well as the client's data retention architecture'').

[47] *Qualcomm*, 2008 WL 66932, at *11.

[48] *Id.* at *13; *see also Wingnut*, 2007 U.S. DIST. LEXIS 72953, at *35 (in litigation surrounding ''Lord of the Rings'' movie, target of discovery request failed to search servers for phrase ''Lord of the Rings'').

[49] *Qualcomm*, 2008 WL 66932, at *16 n.14.

[50] *Id.*

[51] *Id.* at *17.

[52] *Id.* at *17-20.

Qualcomm also was found to have waived its rights to enforce the patents in suit based upon ''the totality of the evidence produced both before and after the jury verdict,'' which

Qualcomm contended that its outside counsel was responsible for the discovery violation found by the court because outside counsel selected the custodians for document searches and the witnesses to testify as corporate designees on behalf of the company; but the court characterized these allegations as ''self-serving statements'' that did ''not relieve Qualcomm of its obligations.''[53] The court found that Qualcomm had not shown that it had satisfied its obligations to ensure that

(i) the correct employees were identified as corporate designees;

(ii) the correct computer searches for responsive documents were performed; and

(iii) the corporate designees received ''sufficient information to testify as the corporation's most knowledgeable person.''[54]

The court also found that Qualcomm had not shown that its outside counsel ''knew enough about Qualcomm's organization and operation'' to do these things on their own, and implicit in this finding is that Qualcomm had an obligation to educate its outside counsel about the company's organization and operation.[55]

*Qualcomm* is a reminder that clients themselves bear discovery obligations, and just as outside counsel may not abdicate their discovery obligations to the client, neither may the client abdicate its own obligations to outside counsel.

While a client can reasonably rely on outside counsel to manage litigation and make decisions concerning discovery, the client needs to be sure that its outside counsel is sufficiently knowledgeable about the company's organization, operations, and information systems to make informed decisions. This requires coordination and communication between outside counsel and the client, and it may require the client to take a more proactive role in discovery in some cases.

The court seems to suggest in *Qualcomm* that the extent to which a client needs to be involved in managing its own discovery may depend upon the client's sophistication and the resources available to it. The court concluded that Qualcomm, as ''a large corporation with an extensive legal staff . . . clearly had the ability'' to do the things the court identified, but that Qualcomm ''just lacked the desire to do so.''[56]

Arguably, a smaller company with little to no legal staff should bear less responsibility in managing its own discovery and should be able to rely more heavily on outside counsel. Regardless, *Qualcomm* makes clear that clients cannot simply leave outside counsel to their own devices in discovery because the clients themselves also may be held responsible if things go wrong.

**Counsel Must Ensure the Use of Search Terms is Consistent With the Duty to Make Reasonable Inquiry.** In *Qualcomm*, a simple search of three obvious terms against the files of 21 key employees would have helped counsel identify over 46,000 responsive documents that were never produced in pre-trial discovery.[57] While helpful in culling responsive information out of a sea of ESI, most of which is often unresponsive, ''all keyword searches are not created equal.''[58]

**Case Law.** With this tension in mind, recent court decisions have addressed the reasonableness of using electronic search terms to collect and produce ESI, and these decisions shed some light on the reasonable inquiry and reasonable diligence requirements of Federal Rule 26(g) and the rules of professional conduct in the context of e-discovery.[59] In *Victor Stanley, Inc. v. Creative Pipe, Inc.*,[60] Chief Magistrate Judge Paul W. Grimm explained some of the parameters that could constitute reasonable use of search terms. While Judge Grimm's analysis was in the context of using search terms to segregate privileged material,[61] the guidelines may help lawyers work with their clients (and possibly vendors and consultants) to design reasonable searches to properly identify and produce responsive ESI.

**Four Key Concerns.** First, if counsel plans to run search terms against a collection of ESI, the attorney should ensure that the individual records to be electronically searched are text searchable.[62] If any of the documents cannot be made text searchable, the attorney should ensure that those documents are segregated and handled separately.[63]

Second, counsel should be prepared to demonstrate the qualifications of the individual responsible for designing a search and information retrieval strategy.[64] Counsel should be able show that the strategy reasonably could be expected to produce an effective and reliable culling of the ESI to produce the intended result.[65]

Third, counsel should document and implement a quality assurance process.[66] This process should involve sampling or some other defensible methodology to test the reliability of the search strategy.[67] In particular, counsel should be able to show that the sampling demonstrated that the search was neither over-inclusive nor under-inclusive.[68]

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included what the court concluded were serious discovery violations. *Id.* at *5

[53] *Id.* at *11 n.6.

[54] *Id.*

[55] *Id.*

[56] *Id.*

[57] *Id.* at *6.

[58] *Victor Stanley, Inc. v. Creative Pipe, Inc.*, 250 F.R.D. 251, 256-57 (D. Md. 2008).

[59] *See, e.g., United States v. O'Keefe*, 537 F. Supp. 2d 14, 24 (D.D.C. 2008) (''Whether search terms or 'keywords' will yield the information sought is a complicated question involving the interplay, at least, of the sciences of computer technology, statistics and linguistics . . . . Given this complexity, for lawyers and judges to dare opine that a certain search term or terms would be more likely to produce information than the terms that were used is truly to go where angels fear to tread.''); *Equity Analytics, LLC v. Lundin*, 248 F.R.D. 331, 333 (D. D.C. 2008) (''[D]etermining whether a particular search methodology, such as keywords, will or will not be effective certainly requires knowledge beyond the ken of a lay person (and a lay lawyer) . . . .'').

[60] 250 F.R.D. 251 (D. Md. 2008).

[61] *Id.* at 254-55.

[62] *Id.* at 255-56.

[63] *Id.* at 256.

[64] *Id.* at 259.

[65] *Id.*

[66] *Id.* at 262.

[67] *See id.* at 257; *see also In re Seroquel Products Liability Litigation*, 244 F.R.D. 650, 662 (M.D. Fla. 2007) (''[W]hile key word searching is a recognized method to winnow relevant documents from large repositories, use of this technique must be a cooperative and informed process . . . . Common sense dictates that sampling and other quality assurance techniques must be employed to meet requirements of completeness.'').

[68] *Victor Stanley*, 250 F.R.D. at 257.

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Finally, counsel should be prepared to defend the search strategy if challenged. This could be accomplished by submitting evidence, such as a whitepaper or an affidavit from an expert who can attest to the technical and scientific soundness of the search strategy.[69]

Counsel must be prepared to explain the rationale for the method chosen to the court, demonstrate that it is appropriate for the task, and show that it was properly implemented.[70] As Judge Grimm explained in *Victor Stanley*, compliance with the *Sedona Conference® Best Practices Commentary on the Use of Search and Information Retrieval Methods in E-Discovery* should go a long way towards convincing a court that the method chosen was reasonable and reliable.[71]

## Preparing Witnesses for Depositions and Testimony at Trial

The duty to make a reasonable inquiry also requires attorneys to take reasonable steps to verify the factual basis for deponent and witness testimony.[72] This means that attorneys should at least ensure the search of the electronic files of deponents to verify that their testimony is consistent with existing evidence or that, at a minimum, is not inconsistent with existing evidence.[73]

Further, if a previously undisclosed relevant document comes to light during the preparation of a witness for deposition or trial, the attorney should conduct further searches to determine if additional ESI exists containing the same or similar subject matter which might have been overlooked in the previous search and collection.[74]

It also would be prudent to produce the inadvertently withheld document to the opposing side as soon as possible (and certainly in advance of the testimony) and to prepare the witness for the possibility of being examined on the circumstances surrounding the belated discovery of the document and the initial search and collection efforts.

## Coordination and Communication Between Junior Attorneys and Supervising Attorneys

*Qualcomm* illustrates that need for close coordination and communication not only between clients and outside counsel, but also between junior attorneys and supervising attorneys on a case and among multiple law firms representing the same party. Electronic document review today can easily involve hundreds of attorneys and the equivalent of many millions of hardcopy pages.

Document review most often is handled by the most junior members of the team[75] and in some cases is contracted out to vendors that specialize in document review.[76] Custodian interviews and search and collection efforts are rarely handled by the most senior attorneys on the team, and even written discovery responses often receive only a cursory review from the lead trial lawyer, who typically is managing multiple cases at once.

Without close coordination and communication between the most junior attorneys and the most senior attorneys, discovery failures may arise and all those involved—down to the first year associate fresh out of law school—may be personally accountable.

While a junior attorney principally responsible for reviewing documents but who does not sign off on the final document production or written discovery responses is less likely to be personally sanctioned under Federal Rule 26(g), *Qualcomm* illustrates that courts can hold junior attorneys accountable under applicable rules of professional conduct.[77]

**Obligations of 'Juniors.'** Junior attorneys should report the discovery of relevant ESI to supervising attorneys immediately, even if discovered after pre-trial discovery has ended. While it might appear insignificant to fail to produce one responsive document that comes to light after thousands or even millions of pages have been produced, courts may treat such failures as worthy of an investigation by bar counsel, especially when the document reveals possible search terms that, if run against the universe of potentially responsive documents, may uncover many additional responsive documents.[78]

If a junior attorney meets resistance from supervising attorneys when reporting a possible discovery failure, the junior attorney should consider carefully what additional steps, if any, need to be taken to fulfill his or her own ethical duties.[79]

**Obligations of 'Seniors.'** Similarly, supervising attorneys must adequately monitor junior attorneys.[80]

Of course, supervising attorneys had an ethical duty to monitor the performance of junior attorneys before the explosion of e-discovery (and before *Qualcomm*). However, the proliferation of ESI has placed an exponentially greater burden on the attorney signing the discovery responses.

Obviously that attorney could never touch—much less review—each piece of electronic information reviewed by junior attorneys or others. However, proper monitoring remains especially important in this emerg-

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[69] *Id.* at 261 n.10. The expert may be required to meet the requirements of Fed.R.Evid. 702.

[70] *Id.* at 262.

[71] *Id.* (emphasis added).

[72] *Qualcomm Inc. v. Broadcom Corp.*, No. 05CV1958-B, 2008 WL 66932, at *3 (S.D. Cal. Jan. 7, 2008), *vacated*, No. 05CV1958-RMB, 2008 WL 638108 (S.D. Cal. Mar. 5, 2008).

[73] *Id.* at *13.

[74] *Id.* at *14.

[75] Susan C. Salmon, *Offshoring Document Review?*, E-Discovery Bytes (Feb. 26, 2008), *available at* http://ediscovery.quarles.com/2008/02/articles/practice-tips/offshoring-document-review/ (last visited Sep. 23, 2008).

[76] Brett Burney, *Subdue the Costs of Document Review*, Law.com (Jun. 23, 2008), *available at* http://www.law.com/jsp/legaltechnology/PubArticleFriendlyLT.jsp?id=1202422450816 (last visited Sep. 23, 2008).

[77] *Qualcomm*, 2008 WL 66932, at *14, 22.

[78] *Id.* at *14.

[79] *See, e.g.*, CAL. RULES OF PROF'L CONDUCT R. 3-700 ("a lawyer shall withdraw from employment if the lawyer knows or should know that continued employment will result in a violation of these rules or the client insists that the lawyer pursue a course of conduct prohibited under these rules"); *see also Model Rules of Prof'l Conduct R.* 5.2(a) ("A lawyer is bound by the Rules of Professional Conduct notwithstanding that the lawyer acted at the direction of another person.").

[80] *Qualcomm*, 2008 WL 66932, at *14; *see also Model Rule of Prof'l Conduct R.* 5.1 ("A lawyer having direct supervisory authority over another lawyer shall make reasonable efforts to ensure that the other lawyer conforms to the Rules of Professional Conduct.").

ing area of practice with rapidly evolving law and technology.

Reasonable steps supervising attorneys can take to ensure that junior attorneys are properly fulfilling their discovery obligations include, among others:

(1) adequate training on document preservation, collection, and production, such as training on the software used to identify, collect, review, and produce ESI;[81]

(2) structuring the team to include intermediate levels of supervision to ensure adequate oversight and direction;

(3) notwithstanding these intermediate levels of supervision, direct communication between the most senior supervising attorneys and the most junior attorneys; and

(4) regular quality control processes with respect to the junior attorneys' work, especially with regard to document review (to ensure that they are properly coding files for responsiveness and privilege).

**Fees Portion of *Qualcomm* Award Upheld**

On Dec. 1, the U.S. Court of Appeals for the Federal Circuit upheld the District Court's finding that Qualcomm had a duty to disclose the asserted patents to the standards-setting organization, that it breached its disclosure duty, and that Broadcom was entitled to the award of attorneys' fees associated with the court's exceptional case determination, which was based in part on Qualcomm's litigation and discovery misconduct. The court vacated the portion of the judgment that rendered the patents unenforceable as to the whole world, and remanded with instructions to limit the scope of the unenforceability judgment to particular products. (*Qualcomm Inc. v. Broadcom Inc.,* Fed. Cir., No. 07-1545, 12/1/08).

## Working With Outside Vendors

A company's data often resides in many different types of systems, many different formats, and in multiple physical locations. Attorneys alone often lack the technical knowledge and skill to effectively identify where relevant ESI is located, how to collect it and how to search it for responsiveness.[82] Recognizing this problem, many attorneys now routinely work with vendors who have the technical expertise necessary to assist with e-discovery.

**Supervisory Requirements.** But just as with the coordination and communication required with clients and junior attorneys, outside counsel must supervise the process and must coordinate and communicate closely with vendors to demonstrate that the attorney has satisfied the duty to make a reasonable inquiry into where potentially responsive ESI exists and to collect, review and produce it in a way that is technologically appropriate and does not unreasonably risk alteration or deletion of relevant material.[83]

**When Outsourcing Is a Must.** Of course a party (or law firm) with sufficient internal skill, expertise, and manpower to search, collect, process, and produce responsive ESI may complete this task itself without hiring an outside vendor. But such a party (or law firm) must be prepared to show that it possessed the requisite skill and expertise.[84]

The need for the assistance of an outside vendor was illustrated in *Wingnut Films v. Katja Motion Pictures Corp*.[85] In *Wingnut*, the defendants failed to search and produce e-mails and other ESI after repeated requests from the plaintiff and orders of the court.[86]

The court explained that because of these multiple failures in the face of certifications that discovery was complete, sanctions were mandatory under Federal Rule 26(g) because defendant's outside counsel ''plainly failed'' to make a reasonable investigation and effort to certify that its client had provided all information and documents available to it that were responsive to the discovery request.[87] Therefore, the defendant was required to obtain at its expense an outside vendor, to be jointly selected by the parties, to collect electronic information and e-mail correspondence.[88]

**Verifying Competence.** Attorneys using the services of outside vendors to fulfill their Federal Rule 26(g) duty to make a reasonable inquiry or their professional responsibility to make a reasonably diligent effort should ensure that the selected vendors are sufficiently knowledgeable and skilled. Attorneys must make reasonable efforts to ensure that the vendor's conduct comports with the professional obligations of the lawyer[89]—namely, that the vendor possesses the skill and knowledge to identify, preserve, collect, and process responsive ESI.

However, ''ultimate responsibility for ensuring the preservation, collection, processing, and production of [ESI] rests with the party and its counsel, not with the nonparty consultant or vendor.''[90]

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[81] ABA Website, Legal Ethics and Technology: Technological Competence, http://www.abanet.org/tech/ltrc/research/ethics/competence.html (last visited Sep. 23, 2008) (''Competence in using a technology can be a requirement of practicing law.'').

[82] *See U.S. v. O'Keefe*, 537 F. Supp. 2d 14, 24 (D.D.C. 2008) (''Whether search terms or 'keywords' will yield the information sought is a complicated question involving the interplay, at least, of the sciences of computer technology, statistics and linguistics [and] is clearly beyond the ken of a layman'').

[83] See MODEL RULE OF PROF'L CONDUCT R. 5.3 (''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'').

[84] *See Model Rule of Prof'l Conduct R.* 1.1 (''A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness and preparation reasonably necessary for the representation.'').

[85] No. 05-1516-RSWL, 2007 U.S. DIST. LEXIS 72953 (C.D. Cal. 2007).

[86] *Id.* at *2-5.

[87] *Id.* at *54-55.

[88] *Id.* at *56.

[89] MODEL RULES OF PROF'L CONDUCT R. 5.3.

[90] *The Sedona Principles: Best Practices Recommendations & Principles for Addressing Electronic Document Production*, Principle 6 cmt. 6.d (June 2007).

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## Back to the Future?

In 2004, Judge Scheindlin declined to hold counsel personally responsible for discovery failures involving ESI in the *Zubulake* case.[91] At the time, Judge Scheindlin warned that counsel thereafter were ''fully on notice of their responsibility to preserve and produce [ESI].''[92] *Qualcomm* offers a not-so-subtle reminder of this important responsibility and the consequences that can result.

While courts continue to address new problems in e-discovery arising from constantly evolving technologies, it is clear that they will apply the old, longstanding ethical rules to e-discovery and will impose severe sanctions where discovery abuses are egregious. Even where the limits of the Federal Rules might otherwise constrain their authority, they may look to other sources to expand their authority to impose sanctions—such as the rules of professional conduct.

As a result, the number of players facing sanctions and the scope of potential sanctions they face may be larger than otherwise expected. Understanding an attorney's duty under Federal Rule 26(g) should go a long way in helping attorneys—both in-house and outside—ensure compliance with related duties imposed under the rules of professional conduct and avoid some of the pitfalls that can arise in e-discovery.

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[91] *Zubulake v. UBS Warburg LLC*, 229 F.R.D. 422, 438-39 (S.D.N.Y. 2004).

[92] *Id.* at 440.