ADVISORY COMMITTEE
ON
CIVIL RULES

Durham, North Carolina
March 16-17, 1998

AGENDA

Advisory Committee on Civil Rules
March 16-17, 1998

1. Opening Remarks of the Chair

   A. Report on Mass Torts Working Group
   B. Docket sheet of completed and pending items for committee consideration
   C. Status of legislation pending in Congress affecting rules

2. Approval of Minutes of October 6-7, 1997 Meeting

3. Report of Discovery Subcommittee (forwarded in separate mailing)

4. Standing Committee Project on Rules Governing Attorney Conduct

5. Proposed Amendments to Rules 4 and 12 for "Bivens" Actions Against Federal Employees

6. Repealing Copyright Rules of Practice and Conforming Amendments to Rules 65 and 81

7. Accepting Public Comments on Proposed Rules Amendments by Electronic Mail on the Internet

8. Procedures for Updating Appendix of Forms

9. Proposal to Have a Uniform Effective Date for Local Rules

10. Miscellaneous Proposals for Rule Changes

    A. Amendment of Rule 65.1
    B. Amendment of Rule 51
    C. Report on Rule 44

11. Next Meeting

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Doc. No 1651

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AGENDA DOCKET PENDING FURTHER ACTION

ADVISORY COMMITTEE ON CIVIL RULES

Proposal	Source, Date, and Doc #	Status
[Copyright Rules of Practice] — Update	Inquiry from West Publishing	4/95 — To be reviewed with additional information at upcoming meetings 11/95 — Considered by cmte 10/96 — Considered by cmte 10/97 — Deferred until spring '98 meeting **PENDING FURTHER ACTION**
[Admiralty Rule B, C, and E] — Amend to conform to Rule C governing attachment in support of an in personam action	Agenda book for the 11/95 meeting	4/95 — Delayed for further consideration 11/95 — Draft presented to cmte 4/96 — Considered by cmte 10/96 — Considered by committee, assigned to subc 5/97— Considered by cmte 10/97 — Request for publication and accelerated review by ST Cmte 1/98 — Stg. Com. approves publication at regularly scheduled time **PENDING FURTHER ACTION**
[Admiralty Rule-New]— Authorize immediate posting of preemptive bond to prevent vessel seizure	Mag. Judge Roberts 9/30/96 (96-CV-D) #1450	12/24/96— Referred to Admiralty and Agenda Subc **PENDING FURTHER ACTION**
[Inconsistent Statute] — 46 U.S.C. § 786 inconsistent with admiralty	Michael Cohen 1/14/97 (97-CV-A) #2182	2/4 — Referred to reporter and chair **PENDING FURTHER ACTION**
[Non-applicable Statute]— 46 U.S.C. § 767 Death on the High Seas Act not applicable to any navigable waters in the Panama Canal Zone	Michael Marks Cohen 9/17/97 (97-CV-O)	10/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[Admiralty Rule C(4) — Amend to satisfy constitutional concerns regarding default in actions *in rem*	Gregory B. Walters, Cir. Exec., for Jud. Council of Ninth Cir. 12/4/97 (97-CV-V)	1/98 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV4(d)] — To clarify the rule	John J. McCarthy 11/21/97 (97-CV-R)	12/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV4(i)] — Service on government in Bivens suits	DOJ 10/96 (96-CV-B; #1559)	10/96 — Referred to Reporter, Chair, and Agenda Subc 5/97 — Discussed in reporter's memo. **PENDING FURTHER ACTION**
[CV4] — To provide sanction against the willful evasion of service	Judge Joan Humphrey Lefkow 8/12/97 (97-CV-K)	10/97 — Referred to Reporter, Chair, and Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV5] — Service by electronic means or by commercial carrier; fax noticing produces substantial cost savings while increasing efficiency and productivity	Michael Kunz, clerk E.D. Pa. and John Frank 7/29/96; 9/10/97 (97-CV-N)	4/95 — Declined to act 10/96 — Reconsidered, submitted to Technology Subcommittee 5/97 — Discussed in reporter's memo. 9/97 — Information sent to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV5(b)] — Facsimile service of notice to counsel	William S. Brownell, District Clerks Advisory Group 10/20/97 (97-CV-Q)	11/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV5(d)] — Whether local rules against filing of discovery documents should be abrogated or amended to conform to actual practice	Gregory B. Walters, Cir. Exec., for District Local Rules Review Cmte of Jud. Council of Ninth Cir. 12/4/97 (97-CV-V)	1/98 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV6(b)] — Enlargement of Time; deletion of reference to abrogated rule	Prof. Edward Cooper 10/27/97	10/97 — Referred to cmte **PENDING FURTHER ACTION**
[CV11] — Mandatory sanction for frivolous filing by a prisoner	H.R. 1492 introduced by Cong Gallegly 4/97	5/97 — Considered by committee **PENDING FURTHER ACTION**
[CV11] — Sanction for improper advertising	Carl Shipley 4/97 (97-CV-G) #2830	5/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV12] — Dispositive motions to be filed and ruled upon prior to commencement of the trial	Steven D. Jacobs, Esq. 8/23/94	10/94 — Delayed for further consideration 5/97 — Reporter recommends rejection **PENDING FURTHER ACTION**
[CV12] — To conform to *Prison Litigation Act of 1996*	John J. McCarthy 11/21/97 (97-CV-R)	12./97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV12(b)] — Expansion of conversion of motion to dismiss to summary judgment	Daniel Joseph 5/97 (97-CV-H) #2941	5/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV23] — Amend class action rule to accommodate demands of mass tort litigation and other problems	Jud Conf on Ad Hoc Communication for Asbestos Litigation 3/91; William Leighton ltr 7/29/94; H.R. 660 introduced by Canady on CV 23 (f)	5/93 — Considered by cmte 6/93 — Submitted for approval for publication; withdrawn 10/93, 4/94, 10/94, 2/95, 4/95, 11/95; studied at meetings. 4/96 — Forwarded to ST Cmte for submission to Jud Conf 6/96 — Approved for publication by ST Cmte 8/96 — Published for comment 10/96 — Discussed by committee 5/97 — Approved and forwarded changes to (c)(1), and (f); rejected (b)(3)(A) and (B); and deferred other proposals until next meeting 4/97 — Stotler letter to Congressman Canady 6/97 — Changes to 23(f) were approved by ST Cmte; changes to 23(c)(1) were recommitted to advisory cmte 10/97 — Considered by cmte **PENDING FURTHER ACTION**
[CV23] — Standards and guidelines for litigating and settling consumer class actions	Patricia Sturdevant, for National Association for Consumer Advocates 12/10/97 (97-CV-T)	12/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV23(e)] — Amend to include specific factors court should consider when approving settlement for monetary damages under 23(b)(3)	Beverly C. Moore, Jr., for Class Action Reports, Inc. 11/25/97 (97-CV-S)	12/ 97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV26] — Revamp current adversarial system of federal legal practice — RAND evaluation of CJRA plans	Thomas F. Harkins, Jr., Esq. 11/30/94 and American College of Trial Lawyers; Allan Parmelee (97-CV-C) #2768; Joanne Faulkner 3/97 (97-CV-D) #2769	4/95 — Delayed for further consideration 11/95 — Considered by cmte 4/96 — Proposal submitted by American College of Trial Lawyers 10/96 — Considered by cmte; subc appointed 1/97 — Subc held mini-conference in San Francisco 4/97 — Doc. #2768 and 2769 referred to Discovery Subc 9/97 — Discovery Reform Symposium held at Boston College Law School 10/97 — Alternatives considered by cmte **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV26(c)] — Factors to be considered regarding a motion to modify or dissolve a protective order	Report of the Federal Courts Study Committee, Professors Marcus and Miller, and Senator Herb Kohl 8/11/94; Judge John Feikens (96-CV-F); S. 225 reintroduced by Sen Kohl	5/93 — Considered by cmte 10/93 — Published for comment 4/94 — Considered by cmte 10/94 — Considered by cmte 1/95— Submitted to Jud Conf 3/95 — Remanded for further consideration by Jud Conf 4/95 — Considered by cmte 9/95 — Republished for public comment 4/96 — Tabled, pending consideration of discovery amendments proposed by the American College of Trial Lawyers 1/97 — S. 225 reintroduced by Sen Kohl 4/97 — Stotler letter to Sen Hatch 10/97 — Considered by subc and left for consideration by full cmte **PENDING FURTHER ACTION**
[CV26] — Depositions to be held in county where witness resides; better distinction between retained and "treating" experts	Don Boswell 12/6/96 (96-CV-G)	12/96 — Referred to reporter, chair, and Agenda Subc. 5/97 — Reporter recommends that it be considered part of discovery project **PENDING FURTHER ACTION**
[CV30] — Allow use by public of audio tapes in the courtroom	Glendora 9/96/96 (96-CV-H)	12/96 — Sent to reporter and chair **PENDING FURTHER ACTION**
[CV30(b)(1)] — That the deponent seek judicial relief from annoying or oppressive questioning during a deposition	Judge Dennis H. Inman 8/6/97 (97-CV-J)	10/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV32] — Use of expert witness testimony at subsequent trials without cross examination in mass torts	Honorable Jack Weinstein 7/31/96	7/31/96 — Submitted for consideration 10/96 — Considered by cmte; FJC to conduct study 5/97 — Reporter recommends that it be considered part of discovery project **PENDING FURTHER ACTION**
[CV44 — To delete, as it might overlap with Rules of EV dealing with admissibility of public records	Evidence Rules Committee Meeting 10/20-21/97 (97-CV-U)	1/97 — Referred to chair, reporter, and Agenda Subc. **PENDING FURTHER ACTION**
[CV47(b)] — Eliminate peremptory challenges	Judge Willaim Acker 5/97 (97-CV-F) #2828	6/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV50(b)] — When a motion is timely after a mistrial has been declared	Judge Alicemarie Stotler 8/26/97 (97-CV-M)	8 /97 — Sent to reporter and chair 10/97 — Referred to Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV51] — Jury instructions submitted before trial	Judge Stotler (96-CV-E)	11/8/96 — Referred to chair 5/97 — Reporter recommends consideration of comprehensive revision **PENDING FURTHER ACTION**
[CV51] — Jury instructions filed before trial	Gregory B. Walters, Cir. Exec., for the Jud. Council of the Ninth Cir. 12/4/97 (97-CV-V)	1/98 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV56] — To clarify cross-motion for summary judgment	John J. McCarthy 11/21/97	12/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV56(a)] — Clarification of timing	Scott Cagan 2/97 (97-CV-B) #2475	3/97 — Referred to reporter, chair, and Agenda Subc 5/97 — Reporter recommends rejection **PENDING FURTHER ACTION**
[CV56(c)] — Time for service and grounds for summary adjudication	Judge Judith N. Keep 11/21/94	4/95 — Considered by cmte; draft presented 11/95 — Draft presented, reviewed, and set for further discussion **PENDING FURTHER ACTION**
[CV65.1] — To amend to avoid conflict between 31 U.S.C. § 9396 governing the appointment of agents for sureties and the Code of Conduct for Judicial Employees	Judge H. Russel Holland 8/22/97 (97-CV-L)	10/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV68] — Party may make a settlement offer that raises the stakes of the offeree who would continue the litigation	Agenda book for 11/92 meeting; Judge Swearingen 10/30/96 (96-CV-C); S. 79 Civil Justice Fairness Act of 1997 and § 3 of H.R. 903	1/21/93 — Unofficial solicitation of public comment 5/93, 10/93, 4/94 — Considered by cmte 4/94 — Federal Judicial Center agrees to study rule 10/94 — Delayed for further consideration 1995 — Federal Judicial Center completes its study (DEFERRED INDEFINITELY) 10/96 — Referred to reporter, chair, and Agenda Subc. (Advised of past comprehensive study of proposal) 1/97 — S. 79 introduced § 303 would amend the rule 4/97 — Stotler letter to Hatch 5/97 — Reporter recommends continued monitoring **PENDING FURTHER ACTION**
[CV73(b)] — Consent of additional parties to magistrate judge jurisdiction	Judge Easterbrook 1/95	4/95 — Initially brought to committee's attention 11/95 — Delayed for review, no pressing need 10/96 — Considered along with repeal of CV74, 75, and 76 5/97 — Reporter recommends continued monitoring **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV 77(b)] — Permit use of audiotapes in courtroom	Glendora 9/3/96 (96-CV-H) #1975	12/96 — Referred to reporter and chair 5/97 — Reporter recommends that other Conf. Committee should handle the issue **PENDING FURTHER ACTION**
[CV77(d)] — Fax noticing to produce substantial cost savings while increasing efficiency and productivity	Michael E. Kunz, Clerk of Court 9/10/97 (97-CV-N)	9/97 — Mailed to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV77(d)] — Facsimile service of notice to counsel	William S. Brownell, District Clerks Advisory Group 10/20/97 (CV-Q)	11/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV81] — To add injunctions to the rule	John J. McCarthy 11/21/97	12/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV 81(a)(2)] — Inconsistent time period vs. Habeas Corpus rule 1(b)	Judge Mary Feinberg 1/28/97 (97-CV-E) #2164	2/97 — Referred to reporter, chair, and Agenda Subc. 5/97 — Considered and referred to Criminal Rules Cmte for coordinated response **PENDING FURTHER ACTION**
[CV81(a)(1)] — Applicability to D.C. mental health proceedings	Joseph Spaniol, 10/96	10/96 — Cmte considered 5/97 — Reporter recommends consideration as part of a technical amendment package **PENDING FURTHER ACTION**
[CV81(c)] — Removal of an action from state courts — technical conforming change deleting "petition"	Joseph D. Cohen 8/31/94	4/95 — Accumulate other technical changes and submit eventually to Congress 11/95 — Reiterated April 1995 decision 5/97 — Reporter recommends that it be included in next technical amendment package **PENDING FURTHER ACTION**
[Pro Se Litigants] — To create a committee to consider the promulgation of a specific set of rules governing cases filed by pro se litigants	Judge Anthony J. Battaglia, on behalf of the Federal Magistrate Judge Assn. Rules Cmte, to support proposal by Judge David Piester 7/17/97 (97-CV-I)	7/97 — Mailed to reporter and chair 10/97 — Referred to Agenda Subc **PENDING FURTHER ACTION**
[CV Form 17] Complaint form for copyright infringement	Professor Edward Cooper 10/27/97	10/97 — Referred to cmte **PENDING FURTHER ACTION**

AGENDA DOCKETING

ADVISORY COMMITTEE ON CIVIL RULES

Proposal	Source, Date, and Doc #	Status
[Copyright Rules of Practice] — Update	Inquiry from West Publishing	4/95 — To be reviewed with additional information at upcoming meetings 11/95 — Considered by cmte 10/96 — Considered by cmte 10/97 — Deferred until spring '98 meeting **PENDING FURTHER ACTION**
[Admiralty Rule B, C, and E] — Amend to conform to Rule C governing attachment in support of an in personam action	Agenda book for the 11/95 meeting	4/95 — Delayed for further consideration 11/95 — Draft presented to cmte 4/96 — Considered by cmte 10/96 — Considered by committee, assigned to subc 5/97— Considered by cmte 10/97 — Request for publication and accelerated review by ST Cmte 1/98 — Stg. Com. approves publication at regularly scheduled time **PENDING FURTHER ACTION**
[Admiralty Rule-New]— Authorize immediate posting of preemptive bond to prevent vessel seizure	Mag. Judge Roberts 9/30/96 (96-CV-D) #1450	12/24/96— Referred to Admiralty and Agenda Subc **PENDING FURTHER ACTION**
[Inconsistent Statute] — 46 U.S.C. § 786 inconsistent with admiralty	Michael Cohen 1/14/97 (97-CV-A) #2182	2/4 — Referred to reporter and chair **PENDING FURTHER ACTION**
[Non-applicable Statute]— 46 U.S.C. § 767 Death on the High Seas Act not applicable to any navigable waters in the Panama Canal Zone	Michael Marks Cohen 9/17/97 (97-CV-O)	10/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[Admiralty Rule C(4) — Amend to satisfy constitutional concerns regarding default in actions *in rem*	Gregory B. Walters, Cir. Exec., for Jud. Council of Ninth Cir. 12/4/97 (97-CV-V)	1/98 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV4(c)(1)] — Accelerating 120-day service provision	Joseph W. Skupniewitz	4/94 — Deferred as premature **DEFERRED INDEFINITELY**
[CV4(d)] — To clarify the rule	John J. McCarthy 11/21/97	12/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV4(d)(2)] — Waive service of process for actions against the United States	Charles K. Babb 4/22/94	10/94 — Considered and denied 4/95 — Reconsidered but no change in disposition **COMPLETED**
[CV4(e) & (f)] — Foreign defendant may be served pursuant to the laws of the state in which the district court sits	Owen F. Silvions 6/10/94	10/94 — Rules deemed as otherwise provided for and unnecessary 4/95 — Reconsidered and denied **COMPLETED**
[CV4(i)] — Service on government in Bivens suits	DOJ 10/96 (96-CV-B; #1559)	10/96 — Referred to Reporter, Chair, and Agenda Subc 5/97 — Discussed in reporter's memo. **PENDING FURTHER ACTION**
[CV4(m)] — Extension of time to serve pleading after initial 120 days expires	Judge Edward Becker	4/95 — Considered by cmte **DEFERRED INDEFINITELY**
[CV4]— Inconsistent service of process provision in admiralty statute	Mark Kasanin	10/93 — Considered by cmte 4/94 — Considered by cmte 10/94 — Recommend statutory change 6/96 — Coast Guard Authorization Act of 1996 repeals the nonconforming statutory provision **COMPLETED**
[CV4] — To provide sanction against the willful evasion of service	Judge Joan Humphrey Lefkow 8/12/97 (97-CV-K)	10/97 — Referred to Reporter, Chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV5] — Electronic filing		10/93 — Considered by cmte 9/94 — Published for comment 10/94 — Considered 4/95 — Cmte approves amendments with revisions 6/95 — Approved by ST Cmte /95 — Approved by Jud Conf 4/96 — Approved by Sup Ct 12/96 — Effective **COMPLETED**
[CV5] — Service by electronic means or by commercial carrier; fax noticing produces substantial cost savings while increasing efficiency and productivity	Michael Kunz, clerk E.D. Pa. and John Frank 7/29/96; 9/10/97 (97-CV-N)	4/95 — Declined to act 10/96 — Reconsidered, submitted to Technology Subcommittee 5/97 — Discussed in reporter's memo. 9/97 — Information sent to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV5(b)] — Facsimile service of notice to counsel	William S. Brownell, District Clerks Advisory Group 10/20/97 (CV-Q)	11/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV5(d)] — Whether local rules against filing of discovery documents should be abrogated or amended to conform to actual practice	Gregory B. Walters, Cir. Exec., for District Local Rules Review Cmte of Jud. Council of Ninth Cir. 12/4/97 (CV-V)	1/98 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV6(b)] — Enlargement of Time; deletion of reference to abrogated rule	Prof. Edward Cooper 10/27/97	10/97 — Referred to cmte **PENDING FURTHER ACTION**
[CV6(e)] — Time to act after service	ST Cmte 6/94	10/94 — Cmte declined to act **COMPLETED**
[CV8, CV12] — Amendment of the general pleading requirements	Elliott B. Spector, Esq. 7/22/94	10/93 — Delayed for further consideration 10/94 — Delayed for further consideration 4/95 — Declined to act **DEFERRED INDEFINITELY**
[CV9(b)] — General Particularized pleading	Elliott B. Spector	5/93 — Considered by cmte 10/93 — Considered by cmte 10/94 — Considered by cmte 4/95 — Declined to act **DEFERRED INDEFINITELY**
[CV9(h)] — Ambiguity regarding terms affecting admiralty and maritime claims	Mark Kasanin 4/94	10/94 — Considered by cmte 4/95 — Approved draft 7/95 — Approved for publication 9/95 — Published 4/96 — Forwarded to the ST Cmte for submission to Jud Conf 6/96 — Approved by ST Cmte 9/96 — Approved by Jud Conf 4/97 — Approved by Supreme Court 12/97 — Effective **COMPLETED**
[CV11] — Mandatory sanction for frivolous filing by a prisoner	H.R. 1492 introduced by Cong Gallegly 4/97	5/97 — Considered by committee **PENDING FURTHER ACTION**
[CV11] — Sanction for improper advertising	Carl Shipley 4/97 (97-CV-G) #2830	5/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV12] — Dispositive motions to be filed and ruled upon prior to commencement of the trial	Steven D. Jacobs, Esq. 8/23/94	10/94 — Delayed for further consideration 5/97 — Reporter recommends rejection **PENDING FURTHER ACTION**
[CV12] — To conform to *Prison Litigation Act of 1996*	John J. McCarthy 11/21/97	12./97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV12(b)] — Expansion of conversion of motion to dismiss to summary judgment	Daniel Joseph 5/97 (97-CV-H) #2941	5/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV15(a)] — Amendment may not add new parties or raise events occurring after responsive pleading	Judge John Martin 10/20/94 & Judge Judith Guthrie 10/27/94	4/95 — Delayed for further consideration 11/95 — Considered by cmte and deferred **DEFERRED INDEFINITELY**
[CV23] — Amend class action rule to accommodate demands of mass tort litigation and other problems	Jud Conf on Ad Hoc Communication for Asbestos Litigation 3/91; William Leighton ltr 7/29/94; H.R. 660 introduced by Canady on CV 23 (f)	5/93 — Considered by cmte 6/93 — Submitted for approval for publication; withdrawn 10/93, 4/94, 10/94, 2/95, 4/95, 11/95; studied at meetings. 4/96 — Forwarded to ST Cmte for submission to Jud Conf 6/96 — Approved for publication by ST Cmte 8/96 — Published for comment 10/96 — Discussed by committee 5/97 — Approved and forwarded changes to (c)(1), and (f); rejected (b)(3)(A) and (B); and deferred other proposals until next meeting 4/97 — Stotler letter to Congressman Canady 6/97 — Changes to 23(f) were approved by ST Cmte; changes to 23(c)(1) were recommitted to advisory cmte 10/97 — Considered by cmte **PENDING FURTHER ACTION**
[CV23] — Standards and guidelines for litigating and settling consumer class actions	Patricia Sturdevant, for National Association for Consumer Advocates 12/10/97 (97-CV-T)	12/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV23(e)] — Amend to include specific factors court should consider when approving settlement for monetary damages under 23(b)(3)	Beverly C. Moore, Jr., for Class Action Reports, Inc. 11/25/97 (97-CV-S)	12/ 97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV26] — Interviewing former employees of a party	John Goetz	4/94 — Declined to act **DEFERRED INDEFINITELY**
[CV26] — Revamp current adversarial system of federal legal practice — RAND evaluation of CJRA plans	Thomas F. Harkins, Jr., Esq. 11/30/94 and American College of Trial Lawyers; Allan Parmelee (97-CV-C) #2768; Joanne Faulkner 3/97 (97-CV-D) #2769	4/95 — Delayed for further consideration 11/95 — Considered by cmte 4/96 — Proposal submitted by American College of Trial Lawyers 10/96 — Considered by cmte; subc appointed 1/97 — Subc held mini-conference in San Francisco 4/97 — Doc. #2768 and 2769 referred to Discovery Subc 9/97 — Discovery Reform Symposium held at Boston College Law School 10/97 — Alternatives considered by cmte **PENDING FURTHER ACTION**
[CV26(c)] — Factors to be considered regarding a motion to modify or dissolve a protective order	Report of the Federal Courts Study Committee, Professors Marcus and Miller, and Senator Herb Kohl 8/11/94; Judge John Feikens (96-CV-F); S. 225 reintroduced by Sen Kohl	5/93 — Considered by cmte 10/93 — Published for comment 4/94 — Considered by cmte 10/94 — Considered by cmte 1/95— Submitted to Jud Conf 3/95 — Remanded for further consideration by Jud Conf 4/95 — Considered by cmte 9/95 — Republished for public comment 4/96 — Tabled, pending consideration of discovery amendments proposed by the American College of Trial Lawyers 1/97 — S. 225 reintroduced by Sen Kohl 4/97 — Stotler letter to Sen Hatch 10/97 — Considered by subc and left for consideration by full cmte **PENDING FURTHER ACTION**
[CV26] — Depositions to be held in county where witness resides; better distinction between retained and "treating" experts	Don Boswell 12/6/96 (96-CV-G)	12/96 — Referred to reporter, chair, and Agenda Subc. 5/97 — Reporter recommends that it be considered part of discovery project **PENDING FURTHER ACTION**
[CV30] — Allow use by public of audio tapes in the courtroom	Glendora 9/96/96 (96-CV-H)	12/96 — Sent to reporter and chair **PENDING FURTHER ACTION**
[CV30(b)(1)] — That the deponent seek judicial relief from annoying or oppressive questioning during a deposition	Judge Dennis H. Inman 8/6/97 (97-CV-J)	10/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV32] — Use of expert witness testimony at subsequent trials without cross examination in mass torts	Honorable Jack Weinstein 7/31/96; #1045	7/31/96 — Submitted for consideration 10/96 — Considered by cmte; FJC to conduct study 5/97 — Reporter recommends that it be considered part of discovery project **PENDING FURTHER ACTION**
[CV37(b)(3)] — Sanctions for Rule 26(f) failure	Prof. Roisman	4/94 — Declined to act **DEFERRED INDEFINITELY**
[CV39(c) and CV16(e)] — Jury may be treated as advisory if the court states such before the beginning of the trial	Daniel O'Callaghan, Esq.	10/94 — Delayed for further study, no pressing need 4/95 — Declined to act **COMPLETED**
[CV43] — Strike requirement that testimony must be taken orally	Comments at 4/94 meeting	10/93 — Published 10/94 — Amended and forwarded to ST Cmte 1/95 — ST Cmte approves but defers transmission to Jud Conf 9/95 — Jud Conf approves amendment 4/96 — Supreme Court approved 12/96 — Effective **COMPLETED**
[CV43(f)—Interpreters] — Appointment and compensation of interpreters	Karl L. Mulvaney 5/10/94	4/95 — Delayed for further study and consideration 11/95 — Suspended by advisory cmte pending review of Americans with Disabilities Act by CACM 10/96 — Federal Courts Improvement Act of 1996 provides authority to pay interpreters **COMPLETED**
[CV44 — To delete, as it might overlap with Rules of EV dealing with admissibility of public records	Evidence Rules Committee Meeting 10/20-21/97 (97-CV-U)	1/97 — Referred to chair, reporter, and Agenda Subc. **PENDING FURTHER ACTION**
[CV45] — Nationwide subpoena		5/93 — Declined to act **COMPLETED**
[CV47(a)] — Mandatory attorney participation in jury voir dire examination	Francis Fox, Esq.	10/94 — Considered by cmte 4/95 — Approved draft 7/95 — Proposed amendment approved for publication by ST Cmte 9/95 — Published for comment 4/96 — Considered by advisory cmte; recommended increased attention by Fed. Jud. Center at judicial training **COMPLETED**

Proposal	Source, Date, and Doc #	Status
[CV47(b)] — Eliminate peremptory challenges	Judge Willaim Acker 5/97 (97-CV-F) #2828	6/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV48] — Implementation of a twelve-person jury	Judge Patrick Higginbotham	10/94 — Considered by cmte 7/95 — Proposed amendment approved for publication by ST Cmte 9/95 — Published for comment 4/96 — Forwarded to ST Cmte for submission to Jud Conf 6/96 — ST Cmte approves 9/96 — Jud Conf rejected 10/96 — Committee's post-mortem discussion **COMPLETED**
[CV50] — Uniform date for filing post trial motion	BK Rules Committee	5/93 —Approved for publication 6/93 — ST Cmte approves publication 4/94 — Approved by cmte 6/94 — Approved by ST Cmte 9/94 — Approved by Jud Conf 4/95 — Approved by Sup Ct 12/95 — Effective **COMPLETED**
[CV50(b)] — When a motion is timely after a mistrial has been declared	Judge Alicemarie Stotler 8/26/97 (97-CV-M)	8 /97 — Sent to reporter and chair 10/97 — Referred to Agenda Subc **PENDING FURTHER ACTION**
[CV51] — Jury instructions submitted before trial	Judge Stotler (96-CV-E)	11/8/96 — Referred to chair 5/97 — Reporter recommends consideration of comprehensive revision **PENDING FURTHER ACTION**
[CV51] — Jury instructions filed before trial	Gregory B. Walters, Cir. Exec., for the Jud. Council of the Ninth Cir. 12/4/97 (97-CV-V)	1/98 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV52] — Uniform date for filing for filing post trial motion	BK Rules Cmte	5/93 —Approved for publication 6/93 — ST Cmte approves publication 4/94 — Approved by cmte 6/94 — Approved by ST Cmte 9/94 — Approved by Jud Conf 4/95 — Approved by Sup Ct 12/95 — Effective **COMPLETED**

Proposal	Source, Date, and Doc #	Status
[CV53] — Provisions regarding pretrial and post-trial masters	Judge Wayne Brazil	5/93 — Considered by cmte 10/93 — Considered by cmte 4/94 — Draft amendments to CV16.1 regarding "pretrial masters" 10/94 — Draft amendments considered **DEFERRED INDEFINITELY**
[CV56] — To clarify cross-motion for summary judgment	John J. McCarthy 11/21/97	12/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV56(a)] — Clarification of timing	Scott Cagan 2/97 (97-CV-B) #2475	3/97 — Referred to reporter, chair, and Agenda Subc 5/97 — Reporter recommends rejection **PENDING FURTHER ACTION**
[CV56(c)] — Time for service and grounds for summary adjudication	Judge Judith N. Keep 11/21/94	4/95 — Considered by cmte; draft presented 11/95 — Draft presented, reviewed, and set for further discussion **PENDING FURTHER ACTION**
[CV59] — Uniform date for filing for filing post trial motion	BK Rules Committee	5/93 —Approved for publication 6/93 — ST Cmteapproves publication 4/94 — Approved by committee 6/94 — Approved by ST Cmte 9/94 — Approved by Jud Conf 4/95 — Approved by Sup Ct 12/95 — Effective **COMPLETED**
[CV60(b)] — Parties are entitled to challenge judgments provided that the prevailing party cites the judgment as evidence	William Leighton 7/20/94	10/94 — Delayed for further study 4/95 — Declined to act **COMPLETED**
[CV62(a)] — Automatic stays	Dep. Assoc. AG, Tim Murphy	4/94 — No action taken **COMPLETED**
[CV64] — Federal prejudgment security	ABA proposal	11/92 — Considered by cmte 5/93 — Considered by cmte 4/94 — Declined to act **DEFERRED INDEFINITELY**
[CV65.1] — To amend to avoid conflict between 31 U.S.C. § 9396 governing the appointment of agents for sureties and the Code of Conduct for Judicial Employees	Judge H. Russel Holland 8/22/97 (97-CV-L)	10/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**

Proposal	Source, Date, and Doc #	Status
[CV68] — Party may make a settlement offer that raises the stakes of the offeree who would continue the litigation	Agenda book for 11/92 meeting; Judge Swearingen 10/30/96 (96-CV-C); S. 79 Civil Justice Fairness Act of 1997 and § 3 of H.R. 903	1/21/93 — Unofficial solicitation of public comment 5/93, 10/93, 4/94 — Considered by cmte 4/94 — Federal Judicial Center agrees to study rule 10/94 — Delayed for further consideration 1995 — Federal Judicial Center completes its study **DEFERRED INDEFINITELY** 10/96 — Referred to reporter, chair, and Agenda Subc. (Advised of past comprehensive study of proposal) 1/97 — S. 79 introduced § 303 would amend the rule 4/97 — Stotler letter to Hatch 5/97 — Reporter recommends continued monitoring **PENDING FURTHER ACTION**
[CV73(b)] — Consent of additional parties to magistrate judge jurisdiction	Judge Easterbrook 1/95	4/95 — Initially brought to committee's attention 11/95 — Delayed for review, no pressing need 10/96 — Considered along with repeal of CV74, 75, and 76 5/97 — Reporter recommends continued monitoring **PENDING FURTHER ACTION**
[CV 74,75, and 76] — Repeal to conform with statute regarding alternative appeal route from magistrate judge decisions	Federal Courts Improvement Act of 1996 (96-CV-A) #1558	10/96 — Recommend repeal rules to conform with statute and transmit to ST Cmte 1/97 — Approved by ST Cmte 3/97 — Approved by Jud Conf 4/97 — Approved by Sup Ct **COMPLETED**
[CV 77(b)] — Permit use of audiotapes in courtroom	Glendora 9/3/96 (96-CV-H) #1975	12/96 — Referred to reporter and chair 5/97 — Reporter recommends that other Conf. Committee should handle the issue **PENDING FURTHER ACTION**
[CV77(d)] — Fax noticing to produce substantial cost savings while increasing efficiency and productivity	Michael E. Kunz, Clerk of Court 9/10/97 (97-CV-N)	9/97 — Mailed to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV77(d)] — Facsimile service of notice to counsel	William S. Brownell, District Clerks Advisory Group 10/20/97 (CV-Q)	11/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV77.1] — Sealing orders		10/93 — Considered 4/94 — No action taken **DEFERRED INDEFINITELY**

Proposal	Source, Date, and Doc #	Status
[CV81] — To add injunctions to the rule	John J. McCarthy 11/21/97	12/97 — Referred to reporter, chair, and Agenda Subc **PENDING FURTHER ACTION**
[CV 81(a)(2)] — Inconsistent time period vs. Habeas Corpus rule 1(b)	Judge Mary Feinberg 1/28/97 (97-CV-E) #2164	2/97 — Referred to reporter, chair, and Agenda Subc. 5/97 — Considered and referred to Criminal Rules Cmte for coordinated response **PENDING FURTHER ACTION**
[CV81(a)(1)] — Applicability to D.C. mental health proceedings	Joseph Spaniol, 10/96	10/96 — Cmte considered 5/97 — Reporter recommends consideration as part of a technical amendment package **PENDING FURTHER ACTION**
[CV81(c)] — Removal of an action from state courts — technical conforming change deleting "petition"	Joseph D. Cohen 8/31/94	4/95 — Accumulate other technical changes and submit eventually to Congress 11/95 — Reiterated April 1995 decision 5/97 — Reporter recommends that it be included in next technical amendment package **PENDING FURTHER ACTION**
[CV83] — Negligent failure to comply with procedural rules; local rule uniform numbering		5/93 — Recommend for publication 6/93 — Approved for publication 10/93 — Published for comment 4/94 — Revised and approved by cmte 6/94 — Approved by ST Cmte 9/94 — Approved by Jud Conf 4/95 — Approved by Sup Ct 12/95 — Effective **COMPLETED**
[CV84] — Authorize Conference to amend rules		5/93 — Considered by cmte 4/94 — Recommend no change **COMPLETED**
[Recycled Paper and Double-Sided Paper]	Christopher D. Knopf 9/20/95	11/95 — Considered by cmte **DEFERRED INDEFINITELY**
[Pro Se Litigants] — To create a committee to consider the promulgation of a specific set of rules governing cases filed by pro se litigants	Judge Anthony J. Battaglia, on behalf of the Federal Magistrate Judge Assn. Rules Cmte, to support proposal by Judge David Piester 7/17/97 (97-CV-I)	7/97 — Mailed to reporter and chair 10/97 — Referred to Agenda Subc **PENDING FURTHER ACTION**
[CV Form 17] Complaint form for copyright infringement	Professor Edward Cooper 10/27/97	10/97 — Referred to cmte **PENDING FURTHER ACTION**

I C

105th Congress Legislation Affecting the Federal Rules of Practice and Procedure

Senate Bills

S. 3 Omnibus Crime Control Act of 1997

- Introduced by: Hatch and others
- Date Introduced: January 21, 1997
- Status:
- Provisions affecting rules
  - *Sec. 501.* Increase the number of government peremptory challenges from 6 to 10 **[CR24(b)]**
  - *Sec. 502.* Allow for 6 person juries in criminal cases upon request of the defendant, approval of the court, and consent of the government **[CR23(b)]**
  - *Sec. 505.* Requires an equal number of prosecutors and defense counsel on all rules committees **[§ 2073]**
  - *Sec. 713.* Allow admission of evidence of other crimes, acts, or wrongs to prove disposition toward a particular individual **[EV404(b)]**
  - *Sec. 821.* Amends the language of CR35(b) (Reduction of Sentence) and the sentencing guidelines **[CR35(b)]**
  - *Sec. 904.* Amends the statute governing proceedings in forma pauperis **[AP Form 4]**

S. 79 Civil Justice Fairness Act of 1997

- Introduced by: Hatch
- Date Introduced: January 21, 1997
- Status: Referred to Committee on the Judiciary — letter from Standing Committee to Hatch (4/29/97)
- Provisions affecting the Rules:
  - *Sec. 302* Amends Evidence Rule 702 regarding expert testimony **[EV702]**
  - *Sec. 302* Amends Civil Rule 68 regarding offers of judgment **[CV68]**

S. 225 Sunshine in Litigation Act of 1997

- Introduced by: Kohl
- Date Introduced: January 28, 1997
- Status: Referred to Committee on the Judiciary — letter from Standing Committee to Hatch (4/1/97)
- Provisions affecting rules
  - *Sec. 2* Adds a new section to title 28 controlling procedures for entering and modifying protective orders **[CV26(c)]**

S. 254 Class Action Fairness Act of 1997

- Introduced by: Kohl
- Date Introduced: January 30, 1997
- Status: Referred to Committee on the Judiciary
- Provisions affecting rules
  - *Sec. 2* requires class counsel to serve, after a proposed settlement, the State AG and DOJ as if they were parties to the class action. A hearing on the fairness of the proposed settlement may not be held earlier than 120 days after the date of that service. **[CV23]**

S. 400 Frivolous Lawsuit Prevention Act of 1997

- Introduced by: Grassley
- Date Introduced: March 5, 1997
- Status: Referred to Committee on the Judiciary
  - Provisions affecting rules: Section 2 amends Civil Rule 11(c) removing judicial discretion not to impose sanctions for violations of rule 11. **[CV11]**

S. 1081 Crime Victim's Assistance Act

- Introduced by: Kennedy and Leahy
- Date Introduced: July 29, 1997
- Status: Referred to ?
- Provisions affecting rules:
  - Section 121 would amend Criminal Rule 11 by adding a requirement that victims be notified of the time and date of, and be given an opportunity to be heard at a hearing at which the defendant will enter a plea of guilty or nolo contendere. **[CR11]**
  - Section 122 would amend Criminal Rule 32 to provide for an enhanced victim impact statement to be included in the Presentence Report. Victims should be notified of the preparation of the Presentence Report and provided a copy. **[CR32]**
  - Section 123 would amend Criminal Rule 32.1 by requiring the Government notify victims of certain crimes of preliminary hearings on revocation or modification of probation or supervised release. The victims will also be given the right of allocution at those hearings. **[CR32.1]**
  - Section 131 would amend Evidence Rule 615 to add victims of certain crimes to the list of witnesses the court can not exclude from the court room.**[EV615]**

S. 1352 Untitled

- Introduced by: Grassley
- Date Introduced: October 31, 1997
- Status: Referred to Committee on the Judiciary
- Provisions affecting rules
  - amends Civil Rule 30 to restore the stenographic preference for recording depositions.

H.R. 660 Untitled

- Introduced by: Canady
- Date Introduced: February 10, 1997
- Status: Referred to Committee on the Judiciary and/or Banking and Finance — letter from Standing Committee to Canady (4/1/97) — Judge Niemeyer met with and discussed bill with Canady on 4/29/97
- Provisions affecting rules
  - *Sec. 1* would amend title 28 to allow for an interlocutory appeal from the decision certifying or not certifying a class **[CV23]**

H.R. 903 Alternative Dispute Resolution and Settlement Encouragement Act

- Introduced by: Coble
- Date Introduced: March 3, 1997
- Status: Letter to Hyde from Standing Committee (4/21/97)
- Provisions affecting rules:
  - Section 3 Amends title 28 to provide an offer of judgment provision **[CV68]** and
  - Section 4 amends Evidence Rule 702 governing expert witness testimony. **[EV702]**

H.R. 924 Victim Rights Clarification Act

- Introduced by: McCullum
- Date Introduced: March 5, 1997
- Status: Passed and signed into law.(Pub. L. No. 105-6)
- Provisions affecting the rules:
  - Adds new section 3510 to title 18 that prohibits a judge from excluding from viewing a trial any victim who wishes to testify as an impact witness at the sentencing phase of the trial. **[EV 615]**

H.R. 1252 Judicial Reform Act of 1997

- Introduced by: Hyde
- Date Introduced: April 9, 1997
- Status: Referred to Committee on the Judiciary — Committee on Court Administration and Case Management is studying the proposal on peremptory challenge of case assignment to a judge; mark-up on 6/10/97; forwarded to the full committee; statement is being prepared outlining judiciary's concerns, including discussion of interlocutory appeal of class action certification
- Provisions affecting rules:
  - Section 3 amends title 28, section 1292(b), and would provide for interlocutory appeal of a class action certification decision. **[CV23]**
  - Section 6 adds new section 464 to chapter 21 of title 28 that would allow, as matter of right, reassignment of a case to another judge if all parties on one side

agree.

H.R. 1280 Sunshine in the Courtroom Act

- Introduced by: Chabot
- Date Introduced: April 10, 1997
- Status: Referred to Committee on the Judiciary
- Provisions affecting rules:
  - Enacts a stand alone statute that would authorize the presiding judge to allow media coverage of court proceedings. Authorizes the Judicial Conference to promulgate advisory guidelines to assist judges in the administration of media coverage. **[CR53]**

H.R. 1492 Prisoner Frivolous Lawsuit Prevention Act of 1997

- Introduced by: Gallegly
- Date Introduced: April 30, 1997
- Status: Referred to Committee on the Judiciary, Subcommittee on Crime
- Provisions affecting rules:
  - Would amend Civil Rule 11 to mandate imposition of a sanction for any violation of Rule by a prisoner. **[CV11]**

H.R. 1536 Grand Jury Reduction Act

- Introduced by: Goodlatte
- Date Introduced: May 6, 1997
- Status: Referred to Committee on the Judiciary — CACM will consider the proposal at its June 15-18, 1997 meeting; referred to standing committee on rules, rec'd that Judicial Conference oppose the legislation; on consent calendar for 3/98 Judicial Conference meeting
- Provisions affecting rules:
  - Would amend Section 3321 of title 28, reducing the number of grand jurors to 9, with 7 required to indict. **[CR6]**

H.R. 1745 Forfeiture Act of 1997

- Introduced by: Schumer on behalf of the Administration —
- Date Introduced: May 22, 1997
- Status: Referred to Judiciary and Ways and Means
- Provisions affecting rules:
  - Several including §§102 and 105 directly amending Admiralty Rules and § 503 creating a new Criminal Rule 32.2 on forfeiture and related conforming amendments to other criminal rules **[CR32.2]**

H.R. 1965 (formerly H.R. 1835) *Civil Asset Forfeiture Reform Act*

- Introduced by: Hyde and Conyers
- Date Introduced: June 20, 1997

- Status: Marked up by Judiciary; reported to the House, 10/30/97; Letter with Judiciary's comments being coordinated by LAO; including concerns about time deadlines in admiralty cases
- Provisions affecting rules:
  - Section 12(b) amends Paragraph 6 of **Rule C of the Supplemental Rules for Certain Admiralty and Maritime Claims** (extends the notice requirement from 10 days to 20).

H.R. 2603 Alternative Dispute Resolution and Settlement Encouragement Act
- Introduced by: Coble and Goodlatte
- Date Introduced: October 2, 1997
- Status: Hearings held by Subcommittee on Courts and Intellectual Property, 10/9/97
- Provisions affecting rules:
  - Section 3 would amend § 1332 of title 28, United States Code, to provide for awarding reasonable costs, including attorneys' fees, if a written offer of judgment is not accepted and the final judgment is not more favorable to the offeree than the offer. The provision would not apply to claims seeking equitable remedies.
  - Alternative bill suggested by DOJ that would call it to play local rules.

Joint Resolutions

S.J. Res. 6 (See also H.J. Res 71 & HR 1322)
- Introduced by: Kyl and Feinstein
- Date Introduced: January 21, 1997
- Status: Referred to Committee on the Judiciary
- Provisions affecting rules:
  - Victim's rights **[CR32]**

DRAFT MINUTES

CIVIL RULES ADVISORY COMMITTEE

October 6 and 7, 1997

NOTE: This Draft Has Not Been Reviewed by the Committee

The Civil Rules Advisory Committee met on October 6 and 7, 1997, at the Stein Eriksen Lodge, Park City, Utah. The meeting was attended by all members of the Committee: Judge Paul V. Niemeyer, Chair; Sheila Birnbaum, Esq.; Judge John L. Carroll; Judge David S. Doty; Justice Christine M. Durham; Francis H. Fox, Esq.; Assistant Attorney General Frank W. Hunger; Mark O. Kasanin, Esq.; Judge David F. Levi; Carol J. Hansen Posegate, Esq.; Judge Lee H. Rosenthal; Professor Thomas D. Rowe, Jr.; Judge Anthony J. Scirica; Chief Judge C. Roger Vinson; and Phillip A. Wittmann, Esq. Edward H. Cooper was present as Reporter, and Richard L. Marcus was present as Special Reporter for the Discovery Subcommittee. Sol Schreiber, Esq., attended as liaison member from the Committee on Rules of Practice and Procedure, and Professor Daniel R. Coquillette attended as Reporter of that Committee. Judge Eduardo C. Robreno attended as liaison member from the Bankruptcy Rules Committee. Leonidas Ralph Mecham, Director of the Administrative Office of the United States Courts attended, as did Administrative Office representatives Peter G. McCabe, John K. Rabiej, Mark J. Shapiro, and Mark Miskovsky. Thomas E. Willging represented the Federal Judicial Center. Observers included Alan Mansfield, Mark Gross, Fred S. Souk, Robert Campbell (American College of Trial Lawyers), Reece Bader (ABA Litigation Section), Beverly Moore, Alfred Cortese, Rod Eschelman, and Nick Pace.

Chairman's Introduction

Judge Niemeyer opened the meeting by welcoming Leonidas Ralph Mecham. He observed that the policy of rotating committee membership serves the good purpose of bringing new perspectives the committee work, but also carries a significant price. The committee has worked on Rule 23 for six years, accumulating much knowledge, and now the time has begun when experienced committee members will leave while Rule 23 remains on the agenda of active items. Carol Posegate is finishing her second three-year term. The committee expressed thanks to Ms. Posegate, who responded that work with the committee has been one of the highlights of her professional career. Sheila Birnbaum was welcomed as a new committee member, with the observation that her regular attendance at committee meetings over a period of several years will serve her and the committee well as she becomes an official member.

Mark Kasanin was appointed to the discovery subcommittee to fill Carol Posegate's place, since the work of the subcommittee is not finished.

The Standing Committee is paying close attention to this committee's work, as to the work of each advisory committee; its

confidence in the committee must continually be earned to be deserved. Congress also is paying close attention to this committee's work; its respect and deference also must be continually earned by careful and responsible behavior.

A proposed amendment to Civil Rule 23(c)(1) and a proposed new Rule 23(f) were taken to the Standing Committee in June with a recommendation that they be advanced to the Judicial Conference to be adopted. Members of the Standing Committee raised concerns about the proposal that Rule 23(c)(1) be amended to require certification "when practicable," replacing the present "as soon as practicable." After some discussion, it was decided that this proposal should remain part of the full package of Rule 23 proposals still being considered by this committee. The proposed permissive interlocutory appeal procedure was approved and transmitted to the Judicial Conference. The proposal has been approved by the Judicial Conference as a consent calendar item, and will be sent on to the Supreme Court.

Judge Niemeyer met with the Judicial Conference Executive Committee before the Judicial Conference session, along with other committee chairs. This committee's agenda was described, with the observation that the committee understands the risks of undertaking controversial topics.

After the Judicial Conference meeting, Judge Niemeyer met with other committee chairs. He urged on them the importance of the national rules, not simply as a convenience for practitioners but as an intrinsically national body of federal law that should remain uniform throughout the country. The Boston discovery conference provided support for national uniformity. The disclosure rule amendments of 1993 effected a breach in the wall of uniformity. Although the permission for local rules departing from the national standard was prudent at the time, the result has been great diversity of practice. It is incumbent on the rulemakers to provide a national rule. Some reservation might be expressed on the ground that not enough time has yet been allowed for experimentation that may show the way to better disclosure practices. But disclosure has been studied by the RAND report on the CJRA, and by the Federal Judicial Center. Local CJRA plan studies also are being made, including detailed studies in the Eastern District of Pennsylvania. District judges should be enlisted in the quest for uniformity.

The report to the Standing Committee described the discovery project. The difficulty of persuading district courts to surrender adherence to local rules was observed. One of the committee chores — as exemplified by the discovery project — will be to get district courts to understand the need to adhere to uniform national procedure.

Judge Niemeyer met with the Long Range Planning Liaison Group. They were interested in creating an ad hoc committee on mass torts.

This topic has been much in the public eye. Judge Hodges, chair of the Executive Committee, suggested an ad hoc committee. The advantages of consideration by this committee were considered, recognizing that it will be important to coordinate efforts with other committees. Other committees that may be interested include the Federal-State Jurisdiction Committee, the Judicial Panel on Multidistrict Litigation, the Bankruptcy Administration Committee, and perhaps the Court Administration and Case Management Committee. This committee has devoted many years to studying class actions, and in the process has heard much about mass tort actions. The difficulties of responsible change have become apparent, as has the futility of trivial change.

Judge Niemeyer further observed that this committee can no longer think of itself as having a constituency of lawyers, judges, and academics. There is more public scrutiny of court procedure and of the committee's work. The committee and its members must become leaders of a dialogue beyond the confines of the Enabling Act process. Congress is increasingly interested and active, at least as measured by the introduction of bills that would affect procedure. Many members of Congress remain sympathetic to the role of the Enabling Act process, but there also are signs of impatience, arising in part from the deliberately deliberate pace of the process. An illustration is provided by the proposal to amend Rule 23 to provide for permissive interlocutory appeals – although the proposal is now on the way to the Supreme Court, a bill to establish the same appeal procedure remains pending in Congress.

Legislative Report

John Rabiej provided a report on pending legislation. There are 15 or 16 pending bills that directly affect the civil rules. It does not seem likely that action will be taken on any of them this year.

Hearings will be held on HR 903, which includes offer-of-judgment provisions, but the hearings will focus on the arbitration issues in the bill. Last spring a letter was sent to Congress indicating that the rules committees take no position on the merits of the offer-of-judgment provisions, but also noting that after substantial study of Rule 68 this committee concluded that this is a very complicated subject. Some technical problems with the bill also were pointed out. Judge Hornby will testify on the arbitration parts of HR 903 for the Court Administration and Case Management Committee.

Bills dealing with Rule 11 seem to lack momentum.

A question was asked about progress on HR 1512, the current embodiment of longstanding attempts to adopt a minimum-diversity jurisdiction basis for consolidating single-event mass tort litigation in federal courts. It was noted that this topic

requires coordination with the Federal-State Jurisdiction Committee, but that it fits squarely within the mass torts topic that will continue to attract this committee's attention.

The committee noted with appreciation the good help that John Rabiej and the Administrative Office continue to provide in tracking relevant legislation.

Minutes Approved

The Minutes for the May and September committee meetings were approved.

Agenda Items

The Copyright Rules remain an enigma on the agenda. Further consideration of the proposal to rescind these rules is set for the spring agenda. Congress has shown an interest in the topic, reflecting concern that nothing should be done that will make it more difficult to enforce copyrights against pirate and bootleg infringers. Parallel concerns have been identified by those working with the TRIPS portion of the Uruguay round of the GATT agreement. GATT countries are required to provide effective copyright remedies. There is a fear that simple rescission of the Copyright Rules might seem to other countries to belie the United States commitment to vigorous enforcement. These fears will need to be addressed when the topic comes up for consideration. It must be made clear that any action taken will be designed to remove the doubts that now surround the continuing force of Copyright Rules that were adopted under, and refer only to, the 1909 Copyright Act, and that are subject to serious constitutional challenge.

It was observed that the docket of agenda items should not state that the committee "rejected" the proposed amendment of Rule 47(a) that would create a party right to participate in voir dire examination of prospective jurors. Although the committee elected not to pursue the proposal in light of substantial controversy, it did urge the Federal Judicial Center to frame its sessions for new judges to stress the importance of party participation. This has been done. Judge Patrick Higginbotham, the former chair of this committee, has spoken on the topic at several meetings.

Discovery Subcommittee

Introduction. Judge Niemeyer introduced the report of the Discovery Subcommittee by observing that the discovery project aims at three central questions. We hope to find out how expensive discovery is, both in general and in the most expensive cases; to decide whether the cost exceeds the benefits often enough to warrant attempts at remedial action; and if remedies should be sought, whether changes can be made that do not interfere with the full development of information for trial. The undertaking is more likely to focus on the framework of discovery than on attempts to control "abuses."

The Boston conference in September was as good as a conference can be. It was part of a process of generating a "smorgasbord" of ideas. The subcommittee has generated a comprehensive memorandum gathering the wide array of ideas that have been suggested. For this meeting, the objective is to explore the ideas to determine which of them deserve development through specific proposals to be considered at the spring meeting.

Judge Levi and Richard Marcus presented the work of the subcommittee. Judge Levi noted that the smaller January conference in San Francisco and the larger September conference in Boston had been the main work of the subcommittee to date. The purpose of these conferences has been in part to afford the bar an opportunity to take the lead on discovery reform, to advise the committee on what needs to be done and perhaps to suggest more detailed means of doing it.

The first big question is whether to do anything at all about discovery. Discovery seems to be working rather well in general, but there are problem spots. Lawyers are open to change, but doubt whether much can be accomplished. There may be a division between trial lawyers, who believe that real savings can be had in discovery, and litigators, who spend most of their time in preparing for trial and are inclined to doubt whether significant savings are possible. Many lawyers believe that the committee should not "tinker"; changes should be significant. At the same time, it is recognized that desirable technical changes should not be thwarted by fixing them with the "tinkering" label.

The Special Reporter was asked to list all of the many separate suggestions that have been made for discovery changes. The purpose of this list is to preserve the suggestions, not to imply that all of them should be adopted. As a guide to discussion, five central areas have been chosen as most deserving of attention.

The first central problem is uniformity. There is some chagrin among alumni of the 1991-1992 committee deliberations that the 1993 amendments deliberately invited disuniformity. Uniformity was thought desirable by many participants in the Boston conference. But it is not clear how broad or deep is the desire for uniformity. Many at the ABA Litigation Section meeting in Aspen this summer suggested that good local rules can be better than a blandly uniform national rule. The sense of that meeting was that it would be important to know what the national rule would be before deciding whether uniformity is a good thing.

If uniformity is to be pursued, the committee must address disclosure. The original wave of fear seems to be subsiding. It is agreed that all of the information that Rule 26(a) requires to be disclosed could properly be sought by interrogatory. But some lawyers like to have an interrogatory to show to the client to justify the need to reveal the information, and to demonstrate that

the lawyer is not penalizing the client for the lawyer's better understanding of the case. Yet if Rule 26(a) has not been the disaster that some anticipated, no one thinks it has been a major improvement. The studies may show some cost saving – it is too tentative to be sure – but it is clear that nothing terribly significant has happened. And Rule 26(a) will not be much help in the problem discovery cases that are the focus of concern. The complex and contentious cases are likely to be exempted from disclosure in any event.

There may be support to limit disclosure to "your case" information. But it is difficult to know how meaningful it is to ask that each party reveal at the beginning of the litigation, before discovery, what information it plans to introduce at trial.

Another approach to disclosure is to view it as the first step in a staged sequence of managed discovery.

Managed discovery is a third area for study. The central idea is that discovery might proceed in three stages. First would be disclosure, however disclosure may be reshaped. Second would be some level of core discovery, defined to be available to the lawyers without court management. This stage might well include stricter limits on the numbers of interrogatories and depositions than those set by current rules. It also might include time limits on depositions, and even might include some attempt to limit the quantity of document exchange. The third stage would require court management when any party wishes to engage in discovery beyond the core limits. In many ways this would involve a party-selected means of tracking; court management would be provided at the request of any party coming up against the limits of core discovery. This managed discovery system could be viewed together with Judge Keeton's proposal, including changes in Rule 16, using the whole pleading-discovery-pretrial conference process to get a better definition of the issues.

The managed discovery approach is consistent with the frequent observations that discovery works well in most cases. It would mean that for most cases, the parties would be left alone to manage the litigation without need for judicial involvement.

Core discovery rules could be drafted to include a clear and firm cutoff on the time for discovery.

Pattern discovery also should be considered. It seems to have support from both plaintiffs and defendants. The project would be to develop pattern discovery requests for each of several distinctive subject-matter areas. The pattern requests would be agreed upon by working committees that include experienced lawyers from all sides of litigation in the particular subject area.

A fourth area of inquiry is the basic scope of discovery. The American College of Trial Lawyers has long supported the 1977 proposal to narrow the scope of discovery defined by Rule 26(b)(1).

There is a related view that the major problem of discovery arises with document production, and that the scope of discovery should be narrowed only for document discovery.

The fifth major area of inquiry is document production. This seems to be the area of greatest concern. No specific proposal is ripe for discussion.

Document production involves particular questions about privilege. There seems to be a consensus that there is a problem with the effort required to protect against inadvertent waiver. There also may be difficulties arising in courts that disregard the terms of Rule 26(b)(5) and insist on privilege logs that both impose excessive burdens and threaten to reveal the very privileged information to be protected. It has been suggested that it works to provide for informal review of potentially privileged documents by the demanding party under a protective rule that this mode of disclosure does not waive privilege. The demanding party then specifies any of the examined documents that it wants to have produced, opening the way to formal assertion and litigation of the privilege claim. Apart from this privilege problem, there are continuing problems with the sheer volume of documents that may be relevant to a discovery demand. The problem of volume is exacerbated when the production demand is addressed to a multinational enterprise that has documents, often in many different languages, scattered around the globe. And the problem of volume may be further exacerbated by electronic storage and erasing techniques that may complicate determination of what "documents" a party actually "has." Information that has been erased often remains available upon sophisticated inquiry.

Beyond these five major areas, many other worthy suggestions were grouped into a "B" list of second-level priority. The most important idea on the list is the firm trial date, an item relegated to this list only because it is not a discovery matter, even though it is closely related to discovery cutoff issues.

There also is a "C" list of technical changes that need not be reviewed at this meeting.

Professor Marcus extended the introduction. The inquiry has followed an interactive process up to now. The subcommittee has been in a receptor mode. The time has come to switch to an action mode. Yet the subcommittee will remain open to receive further information. The Federal Judicial Center continues to analyze the data from the discovery survey it did at the subcommittee's request, and the several bar groups that participated in the Boston Conference have been invited to continue to provide further ideas.

The five items on the A list include three "bullet" items: uniformity; initial disclosure; and the scope of discovery.

"Tinkering" is in order if the committee decides to make one or more significant changes. Once the amendment process is

launched, it is appropriate to act as well on any technical changes that have accumulated and that deserve attention.

There are two main themes that underlie these separate questions: Should the committee seek only to tinker, or should it seek global changes in discovery? And should the change process be launched now, or is it better to wait, recognizing that there have been many discovery rules changes over the last quarter-century?

There are other thematic questions as well. Uniformity creates tensions, not only with the desire for local autonomy but also with the more general managerial view that it is better to leave individual judges free to manage litigation as best they can. The experience with "high discovery" cases may suggest that the committee should turn back the clock on activities that the 1983 and 1993 changes require in all cases. And the consideration of "core" discovery proposals might move beyond limits on the number and extent of discovery requests that can be initiated without judicial involvement to describe what the requests can demand.

Judge Niemeyer stated that the subcommittee had done a splendid job. The committee should start with its recommendations. Although attention can properly focus initially on the major areas of inquiry identified by the subcommittee, the items on the B list should not be removed from the agenda. As the process continues, it may prove desirable to move some B-list items up for active discussion and adoption.

General discussion began with the observation that this list of topics for consideration is not a definitive proposal. There has not been time, nor committee discussion, to support a narrow focus. The purpose of the current report is to open the question whether the time has come to do anything with the discovery rules, and to begin to identify the areas that seem best to deserve more concrete proposals.

Uniformity: Disclosure. The need for uniformity was identified as a central issue. The view was expressed that there is no pressing need for uniformity. Lawyers have learned to live with their present situations. Frequent change of the rules is not desirable, not even when the object is to establish national uniformity.

It was asked whether uniformity is important even apart from whatever difficulties or frustrations may — or may not — face lawyers who move among different disclosure regimes. How important is it that there be a nationally uniform practice in all areas governed by national rules adopted under the Enabling Act? And there also is a need to serve the courts' interest in good policy, in having an effective procedure even if it makes lawyers unhappy. And the committee must recognize that it will be difficult to achieve much consensus among the bar on this topic, perhaps even as support for doing nothing.

It was urged that "we need to bring these horses back into the

barn." The flirtation with local practice can intoxicate, and it will be increasingly difficult to restore uniformity. If uniformity is to be restored, the committee should move quickly.

Of course a decision to pursue uniformity in disclosure practice will entail determination of what the uniform practice should be. We cannot pursue uniformity in the abstract. If the only uniform rule that can be pursued successfully through the full Enabling Act process is one that uniformly abandons disclosure, or uniformly narrows disclosure, is uniformity worth the price? Before deciding whether uniformity is the most important goal, the committee must decide what disclosure rule would be best.

One sense of the importance of uniformity is that Congress was anxious in 1988 to move away from divergent local rules and practices. The Standing Committee local rules project has sought for many years to cabin diversity in practice arising from local rules. If the committee cannot successfully pursue uniformity, there is a prospect that Congress will. For that matter, Rule 26(a)(1) was proposed as a uniform rule. The local option was added from concern for the variety of practice that had emerged from Civil Justice Expense and Delay Reduction plans, some of it stimulated by the disclosure rule the committee had published for comment in 1991. In addition, there was substantial opposition to any disclosure rule; the opposition was so substantial that for a while the committee thought it should abandon disclosure.

An alternative to amending the national discovery and disclosure rules is to explore the opportunities for offering advice through the Manual for Complex Litigation. The Third Edition of the Manual contains many suggestions for regulating discovery practice similar to those offered to the committee. The subcommittee plans to study the Manual both as a source of ideas and as an alternative to further revision of the discovery rules.

A related opportunity is to expand the use of magistrate judges. The RAND study found that hands-on discovery management is important, and that litigant satisfaction increases when a magistrate judge is available to resolve discovery disputes. There are many very good magistrate judges, and there are many competing demands for their time. In some districts, magistrate judges are "on the wheel" for trial assignments. They do not view themselves, and their courts do not use them, primarily as discovery managers. Discovery management in a complex case, moreover, often goes to the heart of the dispute. The most important contribution a district judge can make may be to assume responsibility for managing discovery in litigation that will come to her for trial.

It was concluded that the subcommittee should bring back tc the committee proposals to abandon all disclosure, to require uniform national adherence to the present rule, and to adopt the best identifiable modification of the present disclosure rules that might be adopted as a uniform national practice. It is hoped that

information about the effects of present practice will continue to accumulate while the subcommittee and committee continue to study the issue.

Core discovery. Turning to core discovery, the first question raised was whether there is any need to tighten further the limits on the number of discovery events. The reality of discovery practice is not what might seem from talking with lawyers who pursue high-stakes and complex litigation in the major metropolitan centers. The reality is the small and medium case. In these cases, every study and much experience suggests that discovery is working well. And it seems likely that there is nothing the formal rules can do about the cases that now present problems. The rules provide ample power to control discovery; what is needed is actual use of the power.

The response was that there is no intention to affect discovery as it is practiced in most cases. All of the proposed limits on lawyer-managed discovery would permit discovery without judicial involvement at levels that include the vast majority of cases under actual present practice. Of course that leads to the question of identifying the cases in which the limits will be helpful, since it is highly probable that judicial management will be required in bigger cases under any likely variation of present rules.

The hope is to create a mechanism that develops a plan — a track — for the now-routine cases. These cases might proceed even more freely, more frequently, than under present practices. At the same time, limits that cannot be exceeded without judicial involvement create a system that makes it impossible for reluctant judges to avoid the obligation of involvement. All the studies show little or no discovery in most cases; this is true even of the Federal Judicial Center survey, which was designed to exclude categories of cases in which there is likely to be no discovery. The object is to identify a threshold that will require the court to become involved. And even that threshold can be made subject to party stipulations that allow discovery beyond the core limits when the parties are able to manage discovery without any need for further judicial involvement.

As an alternative, it might be possible to put aside the "core" discovery theory in favor of a system that allows any party to demand formulation of a discovery plan. This system would have the same advantage in requiring judicial involvement when the parties are unable to agree, without the need for elaborate changes in present discovery rules.

The opportunity for judicial involvement is amply provided by present Rule 16. No more may be needed than a mechanism that prompts actual use of Rule 16 powers. And Rule 26(f) conferences provide the framework for stimulating judicial involvement. Perhaps nothing more is needed. These observations were challenged

by the suggestion that both the Rule 26(d) moratorium and the Rule 26(f) conference might be abolished for core discovery cases, and also by the observation that many lawyers are reluctant to approach a judge with a demand for judicial supervision.

The Rule 16(b) scheduling order requirement was discussed as part of this package. One judge observed that despite the language of Rules 16(b) and 26(f), he enters a scheduling order at the beginning of each lawsuit. Many cases involve out-of-town attorneys, making it costly and difficult to arrange conferences. Once a conditional scheduling order is entered, any problems are brought to the judge. But many cases do not require any action by the judge. Rule 26(f) accounts for much of the ability of lawyers to manage discovery without judicial involvement; it is the best part of the 1993 amendments. Others observed that such practices probably are common, and certainly have been followed by several committee members. In some courts, indeed, personnel from the clerk's office manage status calls. One approach would be to make these practices more explicit in the rules, going beyond the direct tie between Rules 16(b) and 26(f).

This discussion concluded with the suggestion that there is substantial support for the Rule 26(f) conference as it now stands, but that it may not be necessary to have the parties report to the court when they do not want judicial help.

It was suggested that if disclosure is retained, it could serve the role of core discovery. All discovery beyond that would require a plan, approved by the court unless the parties could agree.

Another suggestion was that the plaintiff could be required to file specified interrogatories with the complaint, with a like obligation on the defendant to file interrogatories with the answer. The questions would be limited to core discovery. Interrogatory answers would be stayed if there were a motion to dismiss. Many federal cases involve small claims. These routine interrogatories could save six months of discovery. The Rule 33 limits on numbers of interrogatories are a good thing.

A variation is provided by form interrogatories. California state practice includes three different sets of form interrogatories that ordinarily can be used in matching cases without fear that they will be held objectionable.

Judge Keeton has advanced a proposal to address the loose fit between notice pleading and discovery that also deserves attention.

The question of limitations on depositions, and particularly of duration limitations, came next. It was reported that in the Agent Orange litigation, there were 200 depositions conducted under a ruling that permission must be sought to extend any deposition beyond one day. To make this feasible, the deposing party was required to send the deponent all documents relevant to a

deposition before the deposition was taken, so that the deponent could study the documents before hand. Under this system, 168 depositions were conducted in one day each. Most of the remaining depositions were conducted in two days; only a few required three days.

It was urged that some limit on deposition length is better than any further limit on numbers of depositions because it is difficult to plan the number of depositions at the beginning of an action. Even though number limits would be only presumptive, and any limits adopted under a case-specific plan also could be modified, the number of depositions may not be the best means of triggering judicial involvement. But it was urged in response that a more persuasive showing of need for discovery beyond the limits can be made after the limits have been reached and the need can be specifically identified.

A related question was whether a core discovery system would reduce the opportunities for judicial involvement now available so long as discovery remained within the core perimeters. In the same vein, it was asked whether there is any point in changing the present number of permitted interrogatories and depositions, if the goal of changing the numbers is to trigger judicial involvement, and there is little difficulty now with discovery in cases that fall within present limits. Present limits work. 85% of the cases go through the system without difficulty. The Rule 26(f) conference is a good thing; if you cannot afford the time for a simple meeting, you should not take your case to federal court.

Further in the same vein, it was suggested that the discussion of judicial management was moving the committee's focus away from the main point. There is no need for judicial management in the core case. It is the big case that needs it. There is not much need to worry whether there should be 25, or 20, or 15 interrogatories in a normal case. The problem is focusing discovery on the issues that may be dispositive in the big case. But it was suggested in return that there should be some form of judicial involvement – even if only through the clerk's office – in every case. A great majority of cases can be handled by some other court officer without a judge, although it is better to have a judge when that is possible. We should do nothing that might discourage judicial involvement.

This discussion led on to the observation that judicial management can be simple. It can be done on paper, by telephone, or by a courtroom deputy. The need is to ensure uniformly high quality and timely judicial management in cases that involve a potential for over-discovery. The key issue is what should command court time.

Given present limits on the numbers of depositions and interrogatories, and given Rule 26(f) conferences and Rule 16(b) scheduling orders, it was suggested that the remaining targets of

stated discovery limits may be the duration of depositions and the quantity of document discovery. Rather than focus on the length of each individual deposition, it may work better to allocate a total number of deposition hours to each side, to be allocated among as many depositions as will fit. To be sure, lawyers operating under such rules have reported difficulties in allocating the time consumed by each party. But information will be gathered on actual experience under such systems. The subcommittee will frame proposals addressing both deposition length and quantity limits on document production.

It also was suggested that the subcommittee could look at Lord Wolfe's report in England. It includes provisions requiring a party to pay some of the costs of discovery beyond stated limits, a limited form of costshifting.

Discovery cutoff. The RAND report reflected substantial confidence that a combination of early judicial management with earlier discovery cut-offs and firm trial dates can reduce expense and delay without adverse impact. This topic clearly demands attention.

As attractive as early-set and relatively short discovery cutoffs may seem, there are substantial difficulties in attempting to set a uniform period in a national rule.

One difficulty is that cutoffs work only if discovery works. If one party deliberately delays, the discovery period may expire without allowing opportunity for necessary discovery. Many lawyers will say off the record that the famed "rocket docket" in the Eastern District of Virginia is administered in ways that defeat proper discovery in a significant number of cases; obstreperous lawyers are allowed to take advantage of the system by deliberate delay.

Another difficulty is that early discovery cutoffs make sense only if they are combined with reasonably proximate and firm trial dates. Completion of discovery should leave the lawyers ready for summary judgment motions, and then for trial. If these events cannot both be scheduled promptly, there is much waste and little advantage in the early cutoff. To the contrary, the early cutoff may force the parties into discovery that otherwise would not be undertaken at all. Individual case scheduling orders now can effect workable discovery cutoffs in relation to realistic trial dates. But a fictitious trial date, set in a uniform national rule, cannot do this. The circumstances confronting different districts vary widely. Any trial date set to conform to a uniform national requirement would be unrealistic in many districts.

In defense of possible uniform national time limits for discovery and trial dates, it was urged that the limits would exert pressure on judges to become involved in individual cases to set alternative and realistic dates. As with the proposed core

discovery limits, the purpose would be to force judicial action, not to set limits that really can be met in most courts for most cases.

Thomas Willging noted that the RAND findings should be kept in perspective. RAND found that 95% of the variation in cost and delay is driven by factors independent of judicial management. There is only a limited amount of room for addressing the remaining 5% by improved judicial management. The Federal Judicial Center has continued to analyze the data in its discovery study. It has undertaken multivariate regression analyses of many procedures, including discovery cutoffs, meet-and-confer requirements, and other devices. No relationship could be found between any of these devices and cost or delay.

A motion was made to stop further consideration of discovery cutoffs, on the ground that Rules 16(b) and 26(f) provide ample and better means of addressing cutoffs. Differences in the docket burdens of different districts are alone enough to make a national rule unworkable.

Discussion of the motion noted that discovery cutoffs involve more than discovery alone. Unless there is an integrated plan, there is no point in hurry-up-and-wait. Increasing specificity in a national rule is not the answer.

In response, it was repeated that a national rule stating the need to "march along" with a case will serve as a default mechanism that forces recalcitrant judges to pay attention to the needs of cases that do require individual attention. A reply to this argument was that it is rare to find that attorneys are ready for trial, but not the judge.

The committee decided to defer action on the motion to terminate consideration of discovery cutoffs. It was recognized that many observers are keenly interested in discovery cut-offs, and that the subcommittee should explore further the possibility of creating a workable national rule. A close look should be taken, even if it proves impossible to do anything constructive. The subcommittee and the committee should explore all possibilities before giving up on this possible opportunity. But Judge Levi stated that the discovery subcommittee will not look at specific cutoff times.

Pattern Discovery. Pattern discovery might be pursued by developing protocols for acceptable discovery in particular subject-matter areas. Or general sets of interrogatories might be developed, consulting California practice, that are useful for many different types of litigation. Several bar groups and commentators have expressed support for some effort along these lines.

The California practice was described as involving sets of general interrogatories. A party can simply choose from among interrogatories in a set. It is generally accepted that these

interrogatories are proper, and they are routinely used and answered. Further inquiries will be made into the nature of the California practice, the frequency of use, and the level of satisfaction with the results.

Grave doubts were expressed about the need for the committee to become bogged down in the enterprise of drafting form interrogatories. The system works well on its own. There is no lack of forms to be consulted by those who wish.

It was agreed that the subcommittee would further study the prospects of developing some system of discovery forms.

Rules 16(b), 26(d), 26(f). Discussion turned briefly to the interplay among Rules 16(b), 26(d), and 26(f). It was agreed that the subcommittee should consider the desirability of revising Rule 16(b) to clearly authorize entry of a conditional scheduling order before the Rule 26(f) conference. The Rule 26(d) discovery moratorium will be considered in conjunction with the review of disclosure. To the extent that Rule 26(f) ties to Rule 26(d), it will be implicated as well. But there was no sense of dissatisfaction with the general working of Rule 26(f); earlier discussion suggested that it may be among the most successful features of the 1993 amendments.

Scope of discovery. The American College of Trial Lawyers has renewed the suggestion that the Rule 26(b)(1) scope of discovery be narrowed to focus on claims (or issues) framed by the pleadings. The weight of this suggestion figured centrally in the decision to undertake the present discovery project. The specific proposal was first advanced by the American Bar Association Litigation Section in 1977, and was promptly taken up and published for comment by this committee in the form now advanced by the American College. The proposal was abandoned after publication. It has been considered repeatedly by this committee over the years, but never again has advanced as far as publication. Current discussion of the proposal has gone further, suggesting revision of the final (b)(1) provision that the information sought need not be admissible at trial if it appears reasonably calculated to lead to the discovery of admissible evidence.

This proposal has been much argued over the years. The committee agreed that there is little need for additional work by the subcommittee in preparation for the spring meeting. The subject will be discussed at the spring meeting. But the subcommittee should draft alternative proposals to modify the (b)(1) provision allowing discovery of information reasonably calculated to lead to the discovery of admissible evidence.

Documents. Document discovery is more a category of problems than a single proposal. It includes privilege waiver problems. It also includes costshifting, although costshifting can be studied for all discovery devices. Former Rule 26(f), governing "conference[s] on

the subject of discovery," provided that the court should enter an order "determining such other matters, including the allocation of expenses, as are necessary for the proper management of discovery in the action." This provision seems not to have had any general impact on the practice of leaving discovery costs where they lie.

It was suggested that document discovery works well in ordinary federal cases. If change is needed for anything, it is only for the "big" cases.

It was asked whether it is possible to limit the volume of document discovery in any way analogous to the present limits on numbers of interrogatories and depositions.

A recurring suggestion has been that the scope of discovery could be narrowed for documents production, but not for other modes of discovery. The American College proposal, for example, could be adopted only as part of Rule 34. Robert Campbell stated that document production problems may be a dominant part of the concern underlying the proposal. But it was suggested that it may be difficult to implement rules that apply different tests for the scope of discovery to different discovery devices.

Notice was taken of the pre-1970 practice that required a court order on showing good cause for document production. The thought was ventured that if disclosure remains in the rules, good cause might be required for production of documents outside those disclosed. But all agreed that it would be a step backward to require a court order for document production. The pre-1970 practice should not be revived.

Costshifting was recognized as a very complex problem. Any adoption of costshifting could easily have unintended consequences. But it is good to be able to condition discovery on payment of the costs by the inquiring party — this practice is authorized now by Rules 26(b)(2) and (c). Costshifting in general should remain open for further discussion, but the subcommittee should be responsible now only for drafting changes in (b)(2) to refer explicitly to the possibility of conditioning discovery on payment of the costs.

Privilege problems arise predominantly from the fear of inadvertent waiver by document production. It seems to be common, among parties of good will, to stipulate that production be made under a protective order providing that production does not waive privileges. It is uncertain, however, whether such orders protect against waiver as to nonparties; general opinion suggests that there is no sure protection against nonparties. Absent a stipulated protective order, the burden of screening to protect privileges is greatly enhanced and, in a "big documents" case, can impose untoward costs. This problem could be much reduced by a rule providing a procedure for preliminary examination of documents by the requesting party without waiver. The requesting party then would demand formal production of the documents actually desired,

focusing the producing party's privilege review and paving the way for direct contest on whatever documents are thought privileged.

Questions were raised as to Enabling Act authority to act with respect to privileges. The Evidence Rules Committee should be consulted on any proposal that might emerge. Any rule "creating, abolishing, or modifying an evidentiary privilege" can take effect only if approved by Congress, 28 U.S.C. § 2074(b). Even if this committee and the other bodies charged with Enabling Act responsibilities conclude that a no-waiver rule that simply governs the effects of federal discovery practice does not modify a privilege, it would be important to state that conclusion and offer it for examination both by the Supreme Court and by Congress. And there may be some question whether "Erie" and Enabling Act concerns should deter action with respect to state-created privileges – and state law governs most privileges. If state law forces waiver by any disclosure, even under a case-specific protective order or under a general procedure rule, does a no-waiver rule enlarge a state-created substantive right?

It was noted that there is some federal law on waiver, including waiver arising from public filings.

Experience often shows that overbroad assertions of privilege can be greatly reduced by scheduling a privilege hearing. Most of the assertions are abandoned before the hearing. But this approach does not alleviate the fear of inadvertent waiver by producing, rather than over-aggressive privilege assertions.

It was generally agreed that case-specific protective orders are a good device, and that a general procedure rule would be a better thing. The subcommittee is to consider these questions further.

Privilege log practice also has been identified as a potential problem. The suggestion is that some courts go beyond the limits of Rule 26(b)(5), demanding specific information about withheld documents that not only imposes undue burdens but that threatens to compel disclosure of the very information protected by the privilege. Some courts have exacerbated the problem by insisting on tight time schedules that cannot be met, and then finding waiver as a sanction for failure to timely produce the privilege log.

The question is whether anything should be done to amend (b)(5) to force all courts to honor its present meaning. One suggestion was that The Manual For Complex Litigation prescribes a good procedure that is easy to follow, and that the real problem is that many judges are too lenient, failing to demand even the level of detail required by (b)(5).

Another suggestion was that an effective protection against inadvertent waiver would greatly reduce the problems of compiling privilege logs. Privilege disputes would be much narrower and better focused. When lawyers are unable to stipulate to protective

orders now, on the other hand, the privilege log can be a serious burden in the big documents case.

Further discussion reflected substantial uncertainty as to the dimensions of any privilege log problems that may exist. It was suggested that the 1993 Committee Note to Rule 26(b)(5) might be amplified, but the committee concluded that it continues to be inappropriate to attempt to modify a former Note when no action is taken on the underlying rule. In addition, it was concluded that the 1993 Note is all that could be asked. If there is a problem, it is not because of inadequacies in the Rule or the Note.

The committee concluded to suspend further consideration of the privilege log issues. The topic will be revived if additional information suggests the need for further action.

Failure to produce. Several participants in the Boston conference suggested that serious problems remain in failures to produce information properly demanded by discovery requests. The problem is not with the present rules but with failure to honor them. The question is whether there is anything to be done to enhance compliance. One suggestion has been that represented clients, as well as their lawyers, should certify the completeness and honesty of discovery responses under Rule 26(g). Another possibility is to generate still more sanctions.

It was asked why there is an asymmetry in the operation of sanctions. Rule 37(c) imposes sanctions directly for failure to make disclosure. The balance of Rule 37 imposes sanctions for failure to respond to discovery requests only if there is a motion to compel compliance, an order to comply, and disobedience to the order. Complete failure by a party to respond also can be reached under Rule 37(d).

The practical problem was identified as arising from the fact that the failures of discovery become apparent close to trial, or at trial. The disputes that arise then tend to make discovery the issue, not the merits. And "huge" fines are imposed. On the other hand, some cases deny sanctions because the demanding party waited too long to move.

Brief note also was made of the complaint that some lawyers seek to set deliberate "sanctions traps" by demanding production of documents they already have obtained by other means, hoping that the responding party will fail to produce them. Failure to produce even marginally relevant documents is then made the basis for sanctions requests and attempts to show the responding party in an unfavorable light.

These questions were put on hold. The subcommittee need not prepare more specific proposals to deal with failures to produce, nor to require party certification of discovery responses.

Rule 26(c). The committee twice published proposals to amend Rule

26(c) to specify procedures for modifying or vacating protective orders. Further action was postponed for consideration as part of this more general discovery project. Congress has been interested in the possibility that protective orders may defeat public knowledge of products or circumstances that threaten the public health or safety, and some in Congress fear that the committee has been considering these problems for too long without acting. The second published proposal also stirred concerns by expressly recognizing the widespread practice of stipulating to protective orders.

It was noted that protective orders relate to the broader problems of sealing court records and closing court proceedings. The Committee once considered a partial draft "Rule 77.1" that sketched some of the issues that must be addressed if these problems are to be covered by a rule of procedure.

It also was noted that practicing lawyers do not find any problems in Rule 26(c) as it stands.

Rule 26(c) will remain on the committee docket, but the subcommittee will not be responsible for considering this topic.

Document preservation. The committee has, but has never considered, a draft Rule 5(d) prepared to require preservation of discovery responses that are not filed with the court. It would be possible to consider a rule that prohibits destruction of discovery materials after litigation is commenced but before discovery is demanded. A beginning has been made in the Private Securities Litigation Reform Act of 1995. Special difficulties would arise with respect to electronic files. Present action does not seem warranted. The subcommittee need not prepare proposals on this topic.

Electronic Information Discovery. The Boston Conference sketched the problems that are beginning to emerge with discovery of information preserved in electronic form. These problems will evolve rapidly. Capturing solutions in rules will be particularly difficult as the pace of technology outdistances the pace of the rulemaking process. The committee must keep in touch with these problems, but it is too early for the subcommittee to attempt to find solutions. The technology subcommittee will be considering these and related problems; many of the problems will need to be explored through the Standing Committee's technology committee in conjunction with all of the several advisory committees.

Masters. The use of discovery masters was encouraged by some participants at the Boston conference. "Everybody is doing it, but Rule 53 does not address it." It was agreed that the role of special masters involves too many issues in addition to discovery issues to be part of the present discovery project. The committee has held a detailed redraft of Rule 53 in abeyance since 1994. The subcommittee need not address the matter further.

Objecting statement of withheld information. It has been suggested that a party who objects to a discovery demand be required to state whether available information is being withheld because of the objection. The underlying problem is that a party may object, force the demanding party through the work of getting an order to compel, and then reveal that there is no information available. The lack of information is not revealed even during the premotion conference. The difficulty with requiring a statement whether available information is being withheld is that the purpose of the objection may be to forestall the burden of finding out whether responsive information is available. It would be necessary to allow a statement that the party does not know without further inquiry whether responsive information is available, that further inquiry is possible, and that it is unwilling to undertake the inquiry before the objection is resolved.

Members of the committee observed that their practice is consistent with this suggestion. If they know that they have no responsive information, they say so at the time of objecting. If they do not know, they state that no search will be made until the objection is resolved.

The most aggravated form of this possible problem may arise when a party makes pro forma objections to all discovery demands, but also responds in terms that leave the inquiring party uncertain whether the responses are complete.

The dimensions of this possible problem remain uncertain. The costs of dealing with it are equally uncertain. For the moment, at least, the subcommittee will not be responsible for formulating a specific proposal.

Firm trial date. The committee turned to the "B" list of discovery subcommittee proposals.

The first of these proposals is that the national rules require early designation of a firm trial date in all actions. It was agreed that a firm trial date is a very good thing. Some courts are able to set firm trial dates, and the results are good. But there are great difficulties in requiring this practice by uniform national rule, recognizing the wide variations in docket conditions in different districts. The committee needs to choose between a national rule and recommending that these matters be handled by the Court Administration and Case Management Committee and the Federal Judicial Center as a judicial management problem. This choice can be made at the spring meeting without requiring further work by the discovery subcommittee.

Notice pleading. It was suggested that the vague notice pleadings authorized by Rule 8 are hopelessly at odds with the need to define and refine the issues for trial. Although disclosure may be used to amplify the pleadings without undoing the "great 1938 design," the role it will play depends on how disclosure practice evolves in

conjunction with Rule 26(f) conferences and on further consideration of the disclosure rules. One approach would be to expand and emphasize the court's authority to order more definite statements of the issues after the initial pleadings. Although courts may order clear formulation of the issues under present Rule 16, perhaps more should be done. The subcommittee was not given any directions on this topic.

Other. It was observed that sets of interrogatories often are prefaced by elaborate definitions and instructions on how to answer. The practicing members of the committee all responded that they ignore these prefaces, choosing to answer the interrogatories as they actually are written.

Questions have been raised about the need to have a treating physician prepare an expert testimony report for disclosure under Rule 26(a)(2). The Rule is clear that such reports are not required, and the Note reinforces this conclusion. There is no need to make these provisions even more clear; if some courts misapprehend the clear rule, there is little to be done apart from pointing the judge to the clear language.

Rule 26(a)(2) does present a possible problem, however, because of the double expense that arises from requiring disclosure of an expert report, followed by deposition of the expert. Experts are being deposed after the reports. It is not clear whether this expense is justified. This topic will remain open to further consideration, but without directions for further work by the subcommittee.

The "C List" of technical discovery rule changes was left in the hands of the subcommittee for further consideration.

The discovery subcommittee is to prepare proposed rule amendments for consideration by the committee in the spring, including alternative formulations where that seems appropriate.

Rule 6(b)

The Supreme Court has sent to Congress a proposed amendment of Civil Rule 73, and proposed abrogation of Rules 74, 75, and 76. These changes reflect repeal of the statute that for some years permitted parties who agree to trial before a magistrate judge to agree also that any appeal will go to the district court, to be followed by the opportunity for permissive appeal to the court of appeals. During this process, Rule 6(b) was overlooked. Rule 6(b) prohibits extension of specified time periods, including the Rule 74(a) appeal time periods. The committee agreed that Rule 6(b) should be amended to conform to the impending abrogation of Rule 74(a). The amendment will be recommended to the Standing Committee, to be sent forward in the process when there is a suitable package of items to accompany it.

Attorney Conduct Rules

Professor Coquillette, as Reporter of the Standing Committee, described for the committee the Standing Committee's work on attorney conduct rules. Much of the work is gathered in a September, 1997 volume of Working Papers, "Special Studies of Federal Rules Governing Attorney Conduct." The Standing Committee has taken the lead on this project because it cuts across several sets of rules, and because it involves the work of the Standing Committee's Local Rules project.

The many inconsistent approaches taken by local rules to regulating attorney conduct have become a special focus of the broader local rules project. At the Standing Committee's request, Professor Coquillette has drafted a set of uniform rules to be adopted by every district court, focusing on the particular problems of attorney conduct that commonly arise and directly affect the district courts. Apart from these specific problems, the rules will adopt the rules of the state in which the district court sits (a choice-of-law provision is included for the courts of appeals). The Standing Committee will consider the draft at its January meeting. After Standing Committee approval, the matter will go to the relevant advisory committees.

The most likely form for implementing this project will be amendment of Civil Rule 83, Appellate Rule 46, and the Bankruptcy Rules. The courts of appeals do not encounter these problems frequently, making incorporation into the Appellate Rules an uncontroversial matter. The Bankruptcy courts, on the other hand, encounter many problems, particularly those involving conflicts of interest, and care a lot about the answers. They operate under the Bankruptcy Code, and are likely to want a special set of rules for bankruptcy.

It was suggested that it might be desirable to use the district court rules as the foundation for the bankruptcy court rules, with such supplemental rules as may be desirable.

Professor Coquillette said that the draft rules would not require a separate federal enforcement system in each district. The matters covered by the specifically federal rules will involve matters that can be directly enforced by the court. He also said that work is still being done on the problem of lawyers not admitted to practice in the district court's state.

Admiralty Rules B, C, E

Mark Kasanin introduced discussion of the proposed amendments to Admiralty Rules B, C, and E. He noted that these proposals began several years ago with the Maritime Law Association and the Department of Justice. Much of the work has been done by Robert J. Zapf, who attended this meeting as representative of the Maritime Law Association, and Philip Berns of the Department of Justice, who also attended this meeting. The Admiralty Rules subcommittee has worked with them, refining the drafts to remove most points of

possible dispute.

Many of the proposed changes reflect changes in statutes or in Civil Rules that are explicitly incorporated in the Admiralty Rules. Styling changes also have been made, and are so extensive that it is not helpful to set out the changes in the traditional overstrike and underscore manner.

Perhaps the most important changes have been separation of forfeiture and admiralty in rem procedures in Rule C(6), and deletion of the confusing "claim" terminology from Rule C(6).

Philip Berns introduced the history of the changes, noting that the roots of this project began back in 1985 or 1986 with the need to relieve marshals of the requirement of serving process in all maritime attachments. Attachment of a vessel or property on board a vessel still demands a marshal, a person with a gun, because these situations can be sensitive and potentially fractious. The service requirements in fact were changed in Rule C(3), but for some unknown reason parallel changes were not made in Rule B(1).

Another need to amend the rules arises from the great growth of forfeiture proceedings. Forfeiture procedure has adopted the maritime in rem procedure of Rule C. But the admiralty procedure for asserting claims against property is not well suited to forfeiture proceedings. In addition, there is a greater need to move rapidly in admiralty in rem proceedings, so as to free maritime property for continued use.

Robert Zapf underscored these reasons for amending the rules.

The adoption of the alternative Rule C(3)(b) service provisions into proposed Rule B(1)(d) was discussed and approved.

Proposed Rule B(1)(e) responds to the problem arising from incorporation of state law quasi-in-rem jurisdiction in the final provisions of present Rule B(1). Rule B(1) now incorporates former Rule 4(e), failing to reflect the amendment of Rule 4(e) and its relocation as Rule 4(n)(2) in 1993. Rule 4(e) allowed use of state quasi-in-rem jurisdiction as to "a party not an inhabitant of or found within the state." It provided a useful supplement to maritime attachment under Rule B(1). New Rule 4(n)(2), however, allows resort to state quasi-in-rem jurisdiction only if personal jurisdiction cannot be obtained over the defendant in the district in which the action is brought. Because maritime attachment is available in many circumstances in which personal jurisdiction can be obtained in the district — it is required only that the defendant not be "found within the district" — substitution of Rule 4(n)(2) for Rule 4(e) would serve little purpose. Discussion focused on the argument that Rule B(1)(e) should incorporate state quasi-in-rem jurisdiction without any limitations, discarding reliance on Rule 4. Objections were voiced in part on the same grounds that led to the restrictions incorporated in Rule 4(n)(2),

and also from doubt that the quasi-in-rem jurisdiction aspect of Rule B(1) needs to be expanded. Further discussion showed that the main use of state law is as a means of effecting security, not jurisdiction. Although present practice seems to recognize that state law security remedies are available in admiralty through Civil Rule 64, it was decided that the draft Rule B(1)(e) should be revised to incorporate Rule 64, deleting any reference to state-law quasi-in-rem jurisdiction. The Note will reflect that this incorporation is effected to ensure that repeal of the former Rule 4 incorporation is not thought to make use of Rule 64 inconsistent with the supplemental rules. It was further agreed that deletion of state law quasi-in-rem jurisdiction seems to justify abandonment of the present reference to the restricted appearance provisions of Rule E(8). This issue was delegated to the admiralty subcommittee for final action.

Draft Rule C(2)(d)(ii) adds a new requirement that the complaint in a forfeiture proceeding state whether the property is within the district, and state the basis of jurisdiction as to property that is not within the district. This requirement responds to several statutory provisions allowing forfeiture of property not in the district. The draft was approved.

The notice provisions of draft Rule C(4) include a new provision allowing termination of publication if property is released after 10 days but before publication is completed. This change simply fills in an apparent gap in the present rule, both for the purpose of avoiding unnecessary expense and for the purpose of reducing possible confusion as to the status of the seized property.

The draft divides Rule C(6) into separate paragraph (a) procedures for forfeiture and paragraph (b) procedures for maritime arrests. Two major distinctions are made. A longer time is allowed in forfeiture to file a statement of interest or right, and the categories of persons who may file such statements include everyone who can identify an interest in the property. In admiralty arrests, on the other hand, a shorter time is allowed for the initial response because of the need to effect release of the seized property for continuing business. The categories of persons who may participate directly is narrower than in forfeiture, being restricted to those who assert a right of possession or an ownership interest. Lesser forms of property interests can be asserted in admiralty arrests only by intervention, in keeping with traditional practice. The Maritime Law Association has urged that the reference to ownership interests in C(6)(b) include "legal or equitable ownership." The Reporter objected that it is better to refer only to "ownership," as a term that includes legal ownership, equitable ownership, and any other form of ownership recognized by foreign law systems that do not respond to the Anglo-American distinction between law and equity. The Note makes clear the all-embracing meaning of "ownership." After discussion it was agreed

that the multiple meanings of ownership could be made secure by amending the draft to refer to "any ownership" in C(6)(b)(i) and (iv). It was emphasized that the Note discussion of the changes in C(6) is an important part of the process, making it clear that elimination of the confusing reference to "claimant" and "claim" in the present rule is not intended to change the substance of admiralty rights or the essence of the allied procedure.

It was noted that draft Rule C(6)(c), continuing the admiralty practice of allowing interrogatories to be served with the complaint, was expressly considered in relation to the discovery moratorium adopted by Rule 26(d) in 1993. It was concluded that the special needs of admiralty practice justify adhering to this longstanding practice.

Draft Rule E(3) was presented in alternatives, a Reporter's draft and an MLA draft. The MLA draft deliberately uses more words to say the same things, in order to emphasize that process in rem or quasi-in-rem may be served outside the district only when authorized by statute in a forfeiture proceeding. The MLA version was supported by the admiralty subcommittee, and adopted by the committee.

Draft Rule E(8) must be adjusted to conform to draft Rule B(1)(e). Incorporation of Rule 64 in Rule B(1)(e) requires deletion of the incorporation of former Civil Rule 4(e) in Rule E(8). If the reference to Rule E(8) is deleted from revised B(1)(e), there is no apparent need to refer to Rule 64 in Rule E(8). The admiralty subcommittee will make the final decision on this point.

Draft Rules E(9) and (10) were approved for the reasons advanced in the draft Note.

Changes to Civil Rule 14 to reflect the changes in Supplemental Rule C(6) also were approved.

The package of Admiralty Rules amendments was approved unanimously. It was agreed that it would be desirable — if possible under Enabling Act processes — to reduce the period required to make these changes effective. This question will be addressed in the submission to the Standing Committee with the request that the proposed rules be published for comment.

Assistant Attorney General Hunger reported on the status of pending statutes that would bear on the proposed forfeiture rule amendments. The Department of Justice will continue to work with Congress on these matters.

Mass Torts

This committee began to review Civil Rule 23 at the suggestion of the Standing Committee in response to the urging of the Ad Hoc Committee on Asbestos Litigation. Mass torts present problems that

are inherently interstate in nature. There often are tensions among state courts, and between state and federal courts, arising from overlapping actions. Special problems arise from the strong need of defendants to achieve global peace; these defense interests affect plaintiffs who want to settle. There are many problems that have not been resolved. Bankruptcy is often held out as a model, with such intriguing variations as "product-line bankruptcy." Interpleader, "bill-of-peace," and other traditional models have been offered for reexamination and possible expansion.

Increasing opportunities to inflict widely dispersed injuries have increased the burden of dispersed litigation and the desire to find solutions. Many of the proposed solutions require legislation. Civil Rules amendments cannot alone provide solutions.

The Judicial Conference has considered appointment of an ad hoc mass torts committee. The work of any such committee would bear on the work of many other Judicial Conference committees, including the rules committees. It would be necessary to coordinate its work with these committees, and particularly to ensure that specific rules proposals be subjected to the full Enabling Act process for adoption. The committees most obviously affected include the Federal-State Jurisdiction Committee, the Bankruptcy Administration Committee, and the Judicial Panel on Multidistrict Litigation. The Court Administration and Case Management Committee also might become interested, and of course the Manual for Complex Litigation is involved. These problems have made the Executive Committee wary of appointing a new committee. At the same time, it is anxious that the Judicial Conference process be actively involved with these problems.

This committee has learned much about mass tort litigation in its Rule 23 inquiries, and is a logical focal point for further efforts. Judge Niemeyer has proposed that a Mass Torts Subcommittee of this committee be created, to include liaison members from the most directly involved Judicial Conference Committees. The subcommittee would be charged with sorting through recommendations for addressing mass torts by coordinated legislation, rules changes, and other means. The task is formidable, and success is by no means guaranteed. A special reporter would be needed. Judge Niemeyer has asked Judge Scirica to chair the subcommittee, if it is authorized, recognizing that this will be a long-range project. The work must be tentative at first, and slow. Although there is a natural reluctance to continue to develop subcommittees, there are too many large-scale projects for this committee to work on each one as a committee of the whole. Here, as with the admiralty and discovery subcommittees, the subcommittee can be put to work on a "task-specific" basis.

It was noted that the subcommittee must remain sensitive to

the risk that enthusiasm for particular proposals may entice it toward rules that trespass over the line into substantive matters.

A prediction was made that unless Congress will enact substantive laws, the only workable answers will be found through amendment of Civil Rule 23 or development of a specific class-action procedure for mass torts.

Rule 23

The proposed new Rule 23(f) is on its way to the Supreme Court. Rule 23(c)(1) has been commended by the Standing Committee for further study in conjunction with remaining Rule 23 questions. At the May meeting, the committee voted to abandon the proposed new factors (A) and (B) for Rule 23(b)(3); the "maturity" element proposed for new factor (C) was redrafted and carried forward. Proposed factor (F), colloquially referred to as the "just ain't worth it" factor, remains on the agenda for further consideration. The proposed settlement-class provision, which would be new Rule 23(b)(4), also remains on the agenda, along with the proposed amendment of Rule 23(e).

"Factor (F)." At the May meeting, the committee determined to consider five alternative approaches to factor 23(b)(3)(F) as published in 1996. The published version added as a factor relevant to the determination of predominance and superiority "whether the probable relief to individual class members justifies the costs and burdens of class litigation." The first approach would be to adopt the factor as published. This approach would require several changes to the Committee Note to reflect concerns raised by the testimony and comments. There was a widespread misperception that this factor would require a comparison between the probable relief to be received by one individual class member with the total costs and burdens of class litigation. If a class of 1,000,000 members stood to win $10 each, the comparison would weigh the $10, not the $10,000,000 in a process that inevitably must find the individual benefit outweighed by the costs and benefits of class litigation. The Note would have to be changed to dispel any remaining confusion, making it clear that the aggregation of individual benefits is to be compared to the aggregate costs. In addition, the Note should be changed to take a position on an issue that the Committee had earlier voted to leave aside — whether measurement of the probable relief to individual class members entails a prediction of the outcome on the merits. Many of those who testified or commented believed that the proposed rule would require such a prediction on the merits. Other issues as well might need to be addressed in the Note, responding to additional concerns presented by the testimony.

A second approach would be to abandon the published proposal.

Another approach would delete the reference to "probable relief," substituting some formula that does not seem to invoke a

prediction of the outcome on the merits. One possible formulation would be: "whether the relief likely to be awarded if the class prevails justifies the costs and burdens of class litigation."

A fourth approach would eliminate the reference to individual relief, focusing only on aggregate class relief. This approach could be combined with the third: "whether the relief likely to be awarded the class if it prevails justifies the costs and burdens of class litigation."

The fifth approach would be to create an opt-in class alternative for situations in which the recovery by individual class members seems so slight as to raise doubts whether class members would care to have their rights pursued. Certification of an opt-in class would provide evidence of class members' desires; if they opt in, that is proof that they wish to vindicate their rights.

All of these approaches were discussed against the underlying purposes that led to proposed factor (F). We do not wish to foster lawyer-driven class actions, where the lawyer first finds a "claim" and then finds a passive client without any substantial purpose to advance the interests of class members or the public interest. But it is different if persons holding small claims desire vindication and seek out a lawyer. Rule 23 should be available for small claims that cannot be effectively asserted through individual litigation. Is it possible to distinguish these situations by rule? One possibility is to resort to the opt-in class alternative, providing direct evidence whether class members desire enforcement.

A new suggestion was made that all of these alternative approaches involve speculation about the outcome on the merits. Focus on cases of meaningless individual relief should instead be placed in Rule 23(e). The problems arise from settlements – often the "coupon" settlements – and they can be addressed by refusing to approve settlements that award meaningless relief to the class and fat fees to counsel.

It was suggested that the specter of fat fees and meaningless class recovery is only a myth. The Federal Judicial Center study showed what other studies show – fee awards generally run in a range of 15% to 20% of the aggregate class recovery. Many cases now are denied certification because the judge thinks they are useless; the superiority requirement authorizes this. Adding any variation of factor (F) will destroy the consumer class; it is contrary to the philosophy of Rule 23. The opt-in alternative is a delusion. In California, once a statutory or constitutional violation by the state has been adjudicated, an opt-in class can be formed. Even in this situation, with liability established, lawyers do not resort to the opt-in class because it is too expensive in relation to the results. Potential class members simply do not undertake the burden of opting in.

It was responded that opt-in never has been given a chance. A class member who is not willing to opt in does not belong in court.

The rejoinder was that there is a vast difference between opt-in and opt-out. Most classes are lawyer driven. This is recognized by rules of professional responsibility that allow lawyers to advance the costs and expenses of the litigation.

It was suggested that the opt-in alternative should be separated. The first decision to be made is whether the merits should be considered as part of the (F) calculation.

Another observation was that there is a philosophical chasm on small-claims classes. Adoption of any of the (F) alternatives would be the death-knell of consumer classes. These alternatives should be considered before moving to consideration of the opt-in class alternative.

This discussion led to the plaint that the committee has pursued these issues around the same tracks for several meetings. After much hard work, there still is no clear definition of what the proposal is designed to accomplish. Comparison to the relief requested for the class will accomplish nothing, since no one begins by asking for coupons or other trivial relief. The opt-in alternative is odd, because with very small claims it is not worth it to opt in. The proposed draft that would incorporate the opt-in alternative in the Rule 23(c)(2) notice provisions turns on finding reason to question whether class members would wish to resolve their claims through class representation, but does not provide any guidance to the circumstances that might raise the question. There has been no definition of what is meant by the "costs and burdens" of class litigation. We do not know how to implement this concern. The effort should be abandoned.

A motion to abandon further consideration of proposed factor (F), keeping the opt-in alternative alive for further consideration, passed with one dissent.

Opt-in classes. Discussion of the opt-in alternative pointed to several issues that must be resolved. Some of the drafts were integrated with the now-abandoned factor (F) proposal, authorizing consideration of an opt-in class only after certification of an opt-out class had been rejected under factor (F). If (F) disappears, some other means must be found to distinguish the occasion for an opt-in class from the occasions for opt-out classes. Even the (c)(2) notice draft adopted for purposes of illustration one alternative formulation of the (F)-factor drafts: "When the relief likely to be awarded to individual class members does not appear to justify the costs and burdens of class litigation and the court has reason to question whether class members would wish to resolve their claims through class representation, the notice must advise each member that the member

will be included only if the member so requests by a specified date." Any of the alternative (F) formulations would do, and some alternative switching point might do better. But some means must be found, unless opt-in is to replace opt-out for all (b)(3) classes, or unless the court is given a discretionary choice between opt-in and opt-out for all (b)(3) classes. And at some point, it may seem inappropriate to aggravate the already curious Rule 23 structure that incorporates the distinction between opt-out and mandatory classes only in the notice provisions of subdivision (c).

Opt-in classes also require attention to several subsidiary issues. It must be made clear that the "class" includes only those who in fact opt in, not those who were eligible to opt in but did not. The class notice must specify the terms on which members can request inclusion; it would be helpful to indicate, in Rule or Note, whether the terms can reach sharing of costs, expenses, and fees. It might be useful to address the effects of opt-in classes on statutes of limitations, and the availability of party-only discovery devices and counterclaims against those who opt in. Thought also must be given to the question whether the judgment in an opt-in class can support nonmutual issue preclusion in later litigation, whether brought by those who were eligible to opt in or by others.

The opt-in class alternative in (c)(2) raised the same question as the (F) factor: what level of individual recovery triggers the opt-in alternative? The "$300" that was the median recovery in one of the districts in the Federal Judicial Center study?

Even the opt-in alternative continues to present the question whether the merits should be considered, as a matter of likely relief or as a matter of justifying the costs and burdens of class litigation.

The opt-in approach was supported as a way of showing whether there is support for litigation among the supposed class members. This is better than present practice, which allows a lawyer to volunteer as a "private attorney general" on behalf of a class that does not care and in service of a public interest that public officials do not find worth pursuing.

It was urged that the opt-in approach should be applied to all (b)(3) classes, without the complications of attempting to separate opt-in from opt-out classes.

It was responded that opt-in classes are a revolutionary idea. The Supreme Court sang the virtues of small-claims classes in the Shutts decision. Even constitutional doubts might be raised about substituting opt-in for opt-out classes. Who pays for notice? What about repetitive classes, made up of those who choose not to opt in to the first class? In effect, settlement classes today

ordinarily are opt-in classes because they reach only those who file proofs of claim.

The fear that due process might defeat opt-in classes was doubted by others.

Opt-in was further supported as simple and clear. The opt-out provision was a last-minute addition to (b)(3). We should find a device that avoids any preliminary consideration of the merits, and opt-in does it.

Another member suggested that the (c)(2) draft that would allow a judge to opt out of opt-out class certification in favor of an opt-in class is a worthy idea, but is overcome by problems. A rule of procedure can generate preclusion consequences — Rule 13(a) and 41 are obvious examples. But we cannot allow nonmutual preclusion to rest on an opt-in class judgment. And we cannot bind those who choose not to opt in. The small-claim area, moreover, is the area where opt-in will work least well. And what is to be done under the draft when a small number of individual claimants in fact appear: does this upset the "reason to question whether class members would wish to resolve their claims through class representation"?

The fear that opt-in classes would spur successive class actions was met by the observation that multiple and overlapping classes occur now.

The private attorney-general function was brought back for discussion with the observation that the committee has never rejected this concept. Opt-in classes would greatly reduce this function.

It was predicted that adoption of an opt-in class alternative would drive small-claims classes to state courts. But federal courts should provide the forum for resolution of nationwide issues. Economically, moreover, a lawyer can afford to invest $200,000, $500,000, or $1,000,000 in notice to an opt-out class; the investment is not possible for an opt-in class, because there will not be enough opt-ins.

The fear of driving national classes to state courts was countered by the suggestion that amendment of the federal rules would lead to parallel amendments by many states, discouraging resort to state alternatives.

An alternative to opt-in classes to control lawyer-driven actions might be to base fees on the amount of relief actually distributed. It has been suggested that counsel fees are often based on the maximum possible distribution, and are a far larger percentage of relief actually distributed in small claims cases. The Committee has not been able to get any clear sense whether this suggestion is often borne out in practice; adoption of the fee rule might give better evidence.

The conclusion was that the opt-in issues should remain open for further exploration. Earlier committee proposals had envisioned opt-in classes as a promising approach to mass tort litigation. The Mass Torts Subcommittee may be the best place for the next phase of study.

Opt-in classes were further defended on the ground that collective action on behalf of many should turn on agreement to be included. The opt-out default presumes consent that is not real.

Settlement classes. In 1996, the committee published for comment a proposed Rule 23(b)(4) that would allow certification of a class when "the parties to a settlement request certification under subdivision (b)(3) for purposes of settlement, even though the requirements of subdivision (b)(3) might not be met for purposes of trial." This proposal followed a long period during which the committee repeatedly considered the problems of settlement classes but found no clearly sound approach to the many problems involved with drafting a rule to regulate the practice. The proposal was intended only to overrule the Third Circuit rule that a class can be certified for settlement purposes only if the same class would be certified for trial. See Georgine v. Amchem Products, Inc., 3d Cir.1996, 83 F.3d 610; In re General Motors Corp. Pick-Up Truck Fuel Tank Litigation, 3d Cir.1995, 55 F.3d 768. The Supreme Court affirmed the Georgine decision, but the opinion states that a (b)(3) class can be certified for settlement even though "intractable management problems" would defeat certification of the same class for trial. Amchem Prods., Inc. v. Windsor, 1997, 117 S.Ct. 2231, 2248. Although the Court took note of the published committee proposal, the opinion also notes that the proposal had been the target of many comments "many of them opposed to, or skeptical of, the amendment," 117 S.Ct. at 2247. The Court's opinion, moreover, discusses settlement classes in terms that are not clearly as limited as the published proposal. The opinion could be found to reach classes certified under subdivisions (b)(1) or (b)(2), and is not limited – as the published proposal was – to situations in which the parties agree on a proposed settlement before seeking class certification. The reach of the Court's opinion may be uncertain in other dimensions as well.

In these circumstances, it was urged that simple adherence to the committee's published proposal would be unwise. The central purpose has been accomplished by the Supreme Court. It is not clear whether adoption of the proposal would merely bring the Court's interpretation into the text of Rule 23. There is only minor benefit in adding this particular gloss to the text of the rule, when so many other important aspects of class-action practice have not been added to the rule. And there is great risk that inconsistencies may exist between what the Court intended and what the amended rule might come to mean. Because the Committee cannot be confident of what the Court intended, cannot be confident whether the published proposal means something else, and cannot be

confident of the ways in which an adopted amendment might be interpreted against the background of the Court's opinion, further work is necessary if Rule 23 is to be amended to address settlement classes.

It was suggested that the Amchem decision means that a nationwide mass tort class action cannot be settled. Problems of conflicting interests within the class and related inadequacies of representation will be insurmountable.

This suggestion led to the more general suggestion that the time is not ripe for immediate action on settlement classes. District court decisions since the Amchem decision seem to be moving toward stricter certification standards. It will be desirable to give more thought to the problem, and to gain the benefit of greater experience. In the Amchem case itself, the result so far has been that individual claims are being settled according to the protocols of the settlement; the only difference is that far greater amounts are being devoted to attorney fees. Many of the settlement-class issues are properly considered with the problems of mass torts. There are genuine problems to be addressed. The "limited fund" problem is real in the most widespread mass torts. Transaction costs are a great problem, as reflected in the RAND study of asbestos litigation. The best solutions may lie beyond the limits of the Enabling Act.

It was observed that the Fibreboard settlement is back in the Fifth Circuit, and may return to the Supreme Court in a way that will shed light on use of limited-fund (b)(1) settlement classes. In the same vein, it was noted that the Court has twice granted certiorari in cases that were meant to present the question whether mandatory classes can be used for mass torts; this level of interest suggests that another vehicle soon may be found to address this issue.

These difficulties and opportunities led to a consensus that it is better to defer further consideration of settlement classes. The committee has never been able to find attractive proposals to do more than overrule the Third Circuit rule that limits settlement classes to those that could be tried with the same class definition. The Supreme Court has provided plenty of food for further lower court thought. Although further proposals are not precluded by the Supreme Court opinion, it is better to await developments. The Mass Torts Subcommittee is likely to be considering these issues. If problems emerge as lower courts develop the Amchem opinion, the committee can return to the issue.

Other Rule 23 issues. The committee considered briefly two drafts that it requested at the May meeting. One provided alternative approaches to enhancing the "common evidence" dimension of Rule 23(b)(3) classes. The more demanding approach would require that for certification of a (b)(3) class, "the trial evidence will be substantially the same as to all elements of the claims of each

individual class member." The softer approach would add a new factor, focusing on "the ability to prove by common evidence the fact of injury to each class member [and the extent of separate proceedings required to prove the amount of individual injuries]."

The other draft dealt with repetitive requests to certify the same or overlapping classes. It would add a new factor to (b)(3), allowing consideration of "decisions granting or denying class certification in actions arising out of the same conduct, transactions, or occurrences."

It was asked whether data can be got on the frequency of multiple certification attempts. Thomas Willging observed that the Federal Judicial Center study had some data, that showed at least one overlapping action in 20% to 40% of the classes, varying from district to district.

State court class actions were again noted as an alternative to federal actions, with the suggestion that changes in Federal Rule 23 might be followed by many states.

It was suggested that both drafts were interesting and deserved study. It was noted that the committee still has on its agenda the proposal to amend Rule 23(c)(1) to allow certification "when practicable," and the revised "maturity" factor for (b)(3) classes. Settlement classes and opt-in questions remain on the table, but are not ready to go ahead with recommendations for publication of specific proposals.

Brief discussion of the (c)(1) proposal asked whether "practicable" is the best word to use. It was noted that during the Standing Committee review of (c)(1), it was suggested that the key is to identify the purposes underlying the desire for early determination of certification requests. It also was suggested that these purposes may implicate so many different factors that it will be difficult to find a better single word.

These Rule 23 issues were continued on the agenda.

Judicial Conference CJRA Report

The Judicial Conference CJRA Report was summarized in the agenda materials. Each of the recommendations that bear on the work of this committee were included. Most of the recommendations were discussed extensively during the report of the discovery subcommittee because they bear directly on its work. All of the recommendations will be subjected to prompt and thorough continuing study.

Certificate of Appreciation

A certificate signed by all committee members was presented to Carol J. Hansen Posegate, commemorating and thanking her for six years of great service on the committee.

Electronic Filing

Peter McCabe presented a report on the status of electronic filing experiments, observing that developing experience is revealing many areas in which the Civil Rules must be studied to ensure effective application to electronic filing and, eventually, electronic service. The report was illuminated by a presentation by Karen Molzen on the Advanced Court Engineering project. Among the practical problems discussed were the use of the log-in and "key" for the attorney's signature; means of covering filing fees — credit cards and attorney deposit accounts are the most likely means; difficulties confronting pro se litigants; and systems for detecting attempts to alter filed documents. The work of the clerk's office has already been affected; the need for paper has been reduced significantly. An attorney who submits an affidavit electronically must retain the original. When a judge authorizes filing, a facsimile signature is affixed to the order. There is a "firewall" system to ensure security. Different persons are allowed different and controlled levels of access to the system. FAX and email noticing are being used; if the message does not go through in three tries, a notice is printed out with a mailing label. A list of potential problems with the rules of procedure is being developed; it will be sent on to Judge Carroll as chair of the Technology Subcommittee.

Next Meetings

The date for the next meeting was set at March 16 and 17, 1998. It was agreed that if a second spring meeting becomes necessary — most likely because great progress has been made with Discovery Subcommittee proposals that might be made ready to recommend for publication with one more meeting — it will be held on April 30 and May 1. Locations were not set for either meeting.

Respectfully submitted,

Edward H. Cooper, Reporter

REPORTER'S NOTE: FEDERAL RULES OF ATTORNEY CONDUCT

The papers that follow describe, in augmenting detail, the work product of the Standing Committee in approaching the problems of regulating attorney conduct in the federal courts. This Note introduces the topic by sketching the ways in which the Civil Rules Committee may come to participate in consideration of these problems.

Each of the advisory committees is being asked to consider the proposed Federal Rules of Attorney Conduct and possible alternative approaches. For various reasons, the Appellate, Bankruptcy, and Evidence Rules Committees may play distinctive roles. Appellate Rule 46 now is the only formal national rule that bears on attorney conduct, but there are few problems in the courts of appeals and the Appellate Rules Committee is inclined to await initial reactions from other committees. Bankruptcy practice is affected by explicit statutory provisions in the Bankruptcy Code, and by a consensus that many of the problems of professional responsibility that confront bankruptcy practitioners are pervasively different from the problems that arise in other settings. The outcome may well be an independent set of rules specifically designed for bankruptcy. The Evidence Rules generally address specific problems that do not yet overlap questions of professional responsibility, although there are obvious opportunities with respect to such problems as knowing use of false evidence. The Civil and Criminal Rules Committees thus may take a rather more active role in these first advisory stages.

The Standing Committee recognizes that the several advisory committees have full spring agendas and cannot undertake stem-to-stern redrafting before the June Standing Committee meeting. It asks for advice on three separate sets of questions: (1) Should any national rules take the form of an independent set of rules, or should they be incorporated in each of several sets of existing rules, such as the Civil Rules? (2) Should the advisory committees play the major advisory role, or should an ad hoc advisory committee be formed? (3) What path should be chosen among four alternatives: (A) do nothing, leaving these matters to regulation by local district or appellate rule; (B) adopt for each federal court the rules of its state, with a choice-of-law provision for the circuit courts; (C) adopt independent federal rules on selected topics of special importance to federal courts, otherwise adhering to state rules – if this is done, what topics should be addressed; or (D) adopt a complete set of independent rules [this alternative has not been seriously considered, and will not be discussed further].

I Rule Form

If anything is done to supersede the gallimaufry of divergent local rules that now govern attorney conduct in federal courts, the question of form must be resolved. The national rules could be appended to each relevant set of the existing rules, perhaps with a formal incorporation provision. One model, for example, would amend Civil Rule 83 to add terms incorporating the Federal Rules of

Attorney Conduct. Conceivably, identical national rules could be incorporated directly in the Appellate Rules, Bankruptcy Rules (with appropriate variations), Civil Rules, and Criminal Rules. The other model would adopt the Federal Rules of Attorney Conduct as a sixth and independent body of rules.

The argument for incorporating rules of attorney conduct in the existing bodies of rules apparently is that it will be easier for attorneys to remember to consult the rules, and to find them, while working with the set of rules appropriate for a particular case.

The argument for adopting freestanding Federal Rules of Attorney Conduct is that the rules intersect all areas of practice, trial and appellate. Attorneys are accustomed to consulting separate rules on matters of professional responsibility, and should have little difficulty in recognizing the need to consult the independent rules. Freestanding status will emphasize the generality of the problems, and will avoid needless repetition.

II Advisory Committee Role

The Standing Committee clearly wants the several advisory committees to participate as vigorously as possible in the process of reviewing possible approaches to regulating attorney conduct in the federal courts. The best mode of participation, however, is not easy to define.

Speaking only for the Civil Rules Committee, the agenda is full. Time could be made for full-blown review of these problems only by postponing indefinitely most — and perhaps virtually all — other projects now under way.

If time were made for diligent study by two or more advisory committees, the problem of coordination would arise. The Standing Committee has been the source of coordination, but the process leaves the advisory committees unable to speak directly to each other. Often the chairs and reporters of the advisory committees feel somewhat adrift when approaching the task of reconciling different approaches without the opportunity to consult the full committees.

These concerns suggest that if the Standing Committee is to seek careful review of ambitious draft proposals by an advisory committee, it may be better to establish an independent committee. Coordination with the present advisory committees could be accomplished by constituting the new committee from members of the existing committees, by liaisons, through the reporters, or similar means.

These problems seem daunting in the abstract. As the discussion in Part III suggests, however, much depends on the approach that is taken to the proposed rules themselves. The advisory committees should be able to provide useful advice on the best approach to take. The approach chosen will bear on the role

the advisory committees can play. The extremes illustrate the effects. A decision to let the matter lie, continuing to rely on local rules, would require no further action. A decision to create a new and independent body of ideal rules of professional responsibility would require years of work by the most knowledgeable and dedicated experts. In between, some approaches would be more susceptible than others to useful support from the present committees.

III The Choices

A. Do Nothing. The Working Papers illustrate the wild disarray of local rules governing attorney conduct. In many federal courts there is no uniformity, either with other federal courts or with local state practice. Disuniformity is aggravated by the obscurity of local rules, unknown to many of the lawyers bound by them.

Disuniformity is a particular problem for lawyers who practice across district lines. No set of lawyers experiences greater problems of this sort than the Department of Justice. The Department encounters problems beyond those of disuniformity. Some state rules – and many districts simply incorporate local state rules – create special difficulties for the Department. Particular attention has focused on rules that regulate contact with persons "represented" by organizational attorneys and on rules that govern grand jury subpoenas of attorneys.

In the eyes of many, to do nothing is to admit defeat. It also may be to invite legislation on specific topics that further complicates the already complicated variety of rules.

B. Dynamic State Conformity. Uniformity of a sort is easily established by recommending a national rule that adopts for each district the law of its own state. The only sensible scheme is "dynamic" conformity that adheres to each successive change in state law as it is adopted. This system enables lawyers to find the law, and for lawyers who practice only in one state makes matters relatively simple. For all lawyers, it avoids the problems that may arise from prelitigation activities that may unpredictably lead to litigation in a federal court rather than a state court. It also creates a ready body of precedent for the federal court to follow. Many federal courts, moreover, rely on state agencies to conduct actual disciplinary proceedings; it would be difficult to ask state agencies to enforce federal rules that depart from their own rules. Finally, many states feel that as the bodies that license lawyers they have a strong interest in regulating the lawyers they have licensed. Many present local district rules intrude on this interest; a uniform policy of dynamic conformity would serve it.

One difficulty with adherence to the local law of each state is that it denies the possibility of uniform federal law. The states do not agree on matters of professional responsibility, and are not likely to reach accord. We have lived with even less

uniformity than this for many years, but that is little argument against improvement.

A second difficulty is that some state rules may interfere with federal interests. There are at least two different categories of important federal interests. One category involves the interest of the federal courts in regulating the practices of attorneys who appear before them. State law may not adequately protect these interests. The other category looks to other branches of the federal government. The Department of Justice would be little more pleased with dynamic conformity to state law than it is with the present patchwork, in which many federal courts adhere to state rules that the Department finds antithetical to its law-enforcement interests.

C. Core Federal Rules Supplemented by Dynamic Conformity. A third alternative, and the one embodied in the Standing Committee materials below, is to adopt a body of uniform federal rules that address the topics of greatest interest to the federal courts, while adhering to local state law for matters not covered by the specific federal rules. This approach can protect the interests of the federal courts and other federal branches if it is wisely implemented. At the same time it reduces the intrusion on state interests in professional regulation, and also reduces the burden in drafting and regularly adjusting the federal rules.

The approach reflected in the Standing Committee draft has an additional virtue. The rules chosen for separate federal treatment are based directly on the Model Rules of Professional Responsibility. They represent the mode of state practice; in many states they are the same as the state rules. Intrastate uniformity is achieved on a broad, although not universal, basis. The chore of developing good rules is greatly reduced by relying on the extended and careful process that led to formulation of the Model Rules.

The Standing Committee draft poses a set of questions that each of the advisory committees can address usefully without diverting attention from other advisory committee chores.

The first question is whether the overall approach of adopting core rules for matters of special federal interest, supplemented by incorporating local state rules, is wise.

The second question is whether the matters selected for express federal rules are the proper ones: are these all of the matters of special federal interest? Should others be added to the list? On these questions, the Standing Committee Working Papers suggest that the topics chosen cover the overwhelming majority of questions addressed by actual disciplinary proceedings arising in the federal courts.

The third question is much more pointed. The Department of Justice continues to feel improperly confined by state rules, most commonly based on or derived from Model Rule 4.2, that limit

contacts directed by lawyers with other persons who are represented by counsel. When heard in full, it makes a persuasive case that proper investigative activities directed by lawyers are thwarted by broad claims that a lawyer who represents an institution also represents all of its employees, or that the institution's employees are for this purpose part of the institution. The Department has attempted to address this issue by adopting regulations that embody its view, but courts have not supported the Department's assertion of power to regulate. See U.S. ex rel. O'Keefe v. McDonnell Douglas Corp., 8th Cir.1998, ___ F.3d ___ (No. 97-2261). The Department and the Conference of Chief Justices continue to seek agreement on a version of Rule 4.2 that will satisfy all interests. Unless and until agreement is reached, "Rule 10" will be a controversial proposition.

There are compelling arguments in favor of adopting core federal rules, particularly if modeled on the mode of state rules, while directly incorporating local state rules for other matters. Adoption of this approach still leaves a question of timing. Many matters of professional responsibility continue to generate earnest debate, with not infrequent changes in the rules. The American Bar Association has created a Commission on Ethics 2000. The Commission is chaired by Chief Justice Veasey and includes Professor Hazard – both members of the Standing Committee – as well as this Committee's recent chair, Judge Higginbotham. Significant proposals for change may well emerge from this Commission. Once agreement is reached on the core topics that would be addressed by national federal rules on this approach, it will be necessary to decide whether to muddle on a while longer in hopes that the federal rules can be based on the future mode of state rules, not the past.

TO: Standing Committee

FROM: Daniel R. Coquillette, Reporter

DATE: December 1, 1997

RE: Federal Rules of Attorney Conduct

1. Charge

At our last meeting, I was asked by the Committee to draft uniform federal rules that would supersede the complex thicket of local rules now governing attorney conduct in the federal courts. This follows two invitational conferences of experts, on January 9-10, 1996 in Los Angeles and on June 18-19, 1996 in Washington, which focused on this problem. There were also seven special reports, five by this reporter and two by Marie Leary of the Federal Judicial Center. These are now available printed together as Working Papers of the Committee on Rules of Practice and Procedure: Special Studies of Federal Rules Governing Attorney Conduct (1997), hereafter "Working Papers." (I strongly recommend that you keep this useful volume at hand in reviewing what follows. If you need an extra copy, please call.)

In drafting the attached rules, I had important assistance from Bryan A. Garner, John K. Rabiej, and Alan N. Resnick, Reporter to the Bankruptcy Advisory Committee. I am most grateful. Errors are my own.

These rules are now being reviewed by the Style Sub-Committee, under the regular procedures. If the Standing Committee approves of a version of this draft, the rules will be sent next to the relevant advisory committees for review at their spring meetings. The final draft would then come back to this Committee at its June meeting for a vote on publication.

2. Basic Structure

I have attached just one "rule system," but it does, in fact, offer the Committee four options:

1. To accept the complete package, which establishes a narrow core of uniform federal rules, the ten "The Federal Rules of Attorney Conduct." All other matters would be governed by current state standards, the so-called "dynamic conformity" model;

2. To adopt only some of the ten proposed uniform Federal Rules of Attorney Conduct, i.e. only the conflict of interest rules;

3. To accept only the new uniform rule that establishes a state standard, with no core of uniform federal standards at all. (This would mean adopting only Rule 1 of the Federal Rules of Attorney Conduct);

4. To adopt none of the above, and leave the matter to the present system of local rules.

There is one option I have not included. Based on my extensive studies and discussions with the Advisory Committees on Appellate Rules and Bankruptcy Rules, I would strongly recommend that district courts and appeals courts be treated alike, and that bankruptcy courts, and other special courts, be treated separately. See Working Papers, supra, 235-292 (appeals courts); 293-334 (bankruptcy courts). Thus, these proposed new rules cover just district courts and appeals courts.

3. New Fed. R. Civ. P. 83 (c)

At the moment, attorney conduct in the district courts is governed by local rules promulgated pursuant to Fed. R. Civ. P. 83. It is thus logical to start there. I have drafted a new subdivision (c) which would provide that the standards of attorney conduct in the district courts are established by the ten Federal Rules of Attorney Conduct, together with other uniform rules. (Such as Fed. R. Civ. P. 11.) This supersedes the existing local rules. The ten Federal Rules of Attorney Conduct are incorporated by Rule 83 (c) as Fed. R. Civ. P. Appendix 1, just as the Appendix of Forms is incorporated by Rule 84. Like the Appendix of Forms, the Federal Rules of Attorney Conduct would go through the full Rules Enabling Act process established by 28 U.S.C. § 2072 (b).

There is also a practical advantage with this structure. On being admitted to the bar of a federal district court or appeals court, a lawyer would be handed a small pamphlet containing the ten Federal Rules of Attorney Conduct. These rules would always govern where relevant. Otherwise, Rule 1 of the Federal Rules of Attorney Conduct directs the attorney to the current standards for the state where the district court is located or, as in the case of a court of appeals, to a choice of law rule selecting the appropriate state standard.

It has been suggested by the Reporter to the Criminal Rules Advisory Committee, Professor David Schlueter, that a parallel change should be made to the Federal Rules of Criminal Procedure. This would assure that identical rules should govern civil and criminal proceedings-- a fundamental assumption of the ABA Model Rules. (There are certain exceptions. See ABA Model Rule 3.8: "Special Responsibilities of a Prosecutor") Professor Schlueter suggests that:

> "A possible candidate for that new provision might be existing Rule 57, Rules by District Courts, which in some respects already parallels Civil Rule 83. I would recommend that the new language already proposed for

Civil Rule 83 simply be added to what would become a new subdivision (d) in Criminal Rule 57, as follows:

Rule 57. Rules by District Courts

* * * * *

(d) ATTORNEY CONDUCT. The standards of attorney conduct in the district courts are established by the Federal Rules of Attorney Conduct, together with other rules adopted under 28 U.S.C. §§ 2072 and 2075."

As Professor Schlueter correctly observes, this would be a matter for the Advisory Committee on Criminal Rules.

4. New Fed. R. App. P. 46

Of course, the courts of appeals already have a uniform rule governing attorney conduct, Fed. R. App. P. 46. This rule establishes the notoriously vague "conduct unbecoming a member of the bar" standard. After In re Snyder, 472 U.S. 634 (1985), courts of appeals have adopted many different local rules to give Rule 46 some specificity of content. See Working Papers 239-240, and cases cited. (In re Snyder is set out in full at Working Papers 265-271.) Thus the advantages of uniformity have been lost.

The new Fed. R. App. P. 46 would adopt the Federal Rules of Attorney Conduct, except for matters arising before other courts. There the standards of the other court will be applied. (Of course, under the new Fed. R. Civ. P. 83 (c) district courts will also follow the Federal Rules of Attorney Conduct, but not necessarily bankruptcy courts.) Under Rule 1 of the Federal Rules of Attorney Conduct, the appeals court will have a choice of law rule selecting an appropriate state standard, unless the conduct falls within the ambit of the other Federal Rules of Attorney Conduct. See Fed. R. Attny. Conduct 1 (a) (2).

There are in fact very few cases involving attorney conduct in the courts of appeals, and most of those involve matters arising in the district courts. There is every reason to amend Fed. R. App. P. 46 to track the district court rule. See Working Papers, supra, 237-247.

5. The Federal Rules of Attorney Conduct (Fed. R. Attny. Conduct)

Eight of the ten Federal Rules of Attorney Conduct closely follow the substance of the ABA Model Rules, which have already been adopted in the majority of state and federal courts. (Some stylistic changes have been made by Bryan Garner to conform these rules with the Guidelines for Drafting and Editing Court Rules (1996). See Working Papers, supra, 45-77. The exceptions are Rule 1 and Rule 10. Rule 1 sets up

the "dynamic conformity" with state standards, and is closely modeled on Model Local Rule 4 of the Federal Rules of Disciplinary Enforcement, first recommended by the Committee on Court Administration and Case Management in 1978. It also contains a choice of law rule, which closely follows ABA Model Rule 8.5.

Rule 10 is based on the most recent negotiations between the Department of Justice and the Conference of Chief Justices relating to "Communication with Persons Represented By Counsel," Tentative Working Draft, July 1, 1997. It is different from ABA Model Rule 4.2. Nearly 12% of all controversies between 1990 and 1996 in federal court relating to attorney conduct concerned communications with represented parties. See Working Papers, supra, 201-205.

Four of the other rules relate solely to conflict of interest standards. See Rules 3, 4, 5 and 6, tracking ABA Model Rules 1.7, 1.8, 1.9 and 1.10. These rules together account for 44% of all attorney conduct controversies in the federal courts. See Working Papers, supra, 100-102, 107-116, 189-210. They are also closely cross-referenced to each other. The Committee may wish to add provisions to Rule 6 permitting some "screening." Otherwise state standards will apply, which usually limit any screening to former public officers or employees. See ABA Model Rule 1.11.

Three of the remaining rules concern the related subjects of confidentiality, candor toward the tribunal, and truthfulness in statements to others. See Rules 2, 7, and 9, tracking ABA Model Rules 1.6, 3.3, and 4.1. These rules are also cross-referenced to each other. While there rules together account for only 6% of all attorney conduct controversies in federal courts, they all relate to issues that are central to the judicial process. See Roger C. Cramton, Memorandum to Participants of the Special Conference, 2 (Jan. 8, 1996).

The last rule, Rule 8, is the "Lawyer as Witness" rule. It tracks ABA Rule 3.7, and cross-references Rules 3 and 5. This rule accounts for a surprising share of federal court attorney controversies between 1990 and 1996-- over 9.5%. See Working Papers, 203. It is also an issue which directly confronts the tribunal.

Altogether, Rules 2-10 account for nearly 72% of the attorney conduct issues raised in federal courts from 1990-1996. See Working Papers, supra, 201-205. This leaves only 28% of the issues previously governed by local rules for determination by reference to state standards under Rule 1. Of course, since many of the state standards are also based on the ABA Model Rules, the actual uniformity would be even greater.

6. Conclusion

The Standing Committee is mandated by Congress to "maintain consistency and otherwise promote the interest of justice." 28 U.S.C. § 2073 (b). These rule changes replace nearly one hundred differing local rules with a single set of ten rules. These follow the standards already adopted in a majority of state and federal courts. The new rules are also limited to matters particularly concerning the federal courts and, indeed,

account for nearly 72% of all federal attorney controversies from 1990-1996. For all the rest, Rule 1 refers the court to dynamic conformity with appropriate state standards. If you have any questions, do not hesitate to call me at 617-552-8650 or FAX 617-576-1933.

TO: Chairs and Reporters, Advisory Committees

FROM: Daniel R. Coquillette
Reporter, Standing Committee

CC: Hon. Alicemarie Stotler, Chair
Standing Committee

DATE: February 11, 1998

RE: Federal Rules of Attorney Conduct

I. Introduction

The Standing Committee is charged by 28 U.S.C. § 2073 (b) "to maintain consistency" among the federal rules and "otherwise promote the interest of justice." Attorney conduct in the federal courts is now governed by literally hundreds of local rules, many of which are inconsistent with each other and with the rules of the relevant state courts. Our studies show a genuine and persistent problem, at least in district and bankruptcy courts. Whether the Congress will subscribe to any additional national rules is an issue to be met in the future, but federal rules regulating attorney conduct already exist in abundance. Moreover, the ABA, through its "Ethics 2000" Project, has expressed initial concern about the relationship between state and federal rules governing attorney conduct, a concern also shared by the Department of Justice and the Conference of Chief Justices, although these three entities may have very different views about appropriate solutions.

II. Status

As you know, the Standing Committee voted at its January 8-9, 1998 meeting to refer the draft Federal Rules of Attorney Conduct to the Advisory Committees for comment. At the suggestion of the Honorable Alicemarie Stotler, Chair, I am writing to indicate what help is expected from the Advisory Committees.

With this memo, you should receive two additional items for circulation to your Committees: 1) a memorandum from me to the Standing Committee of December 1, 1997, describing the fundamental options before the Committees (hereafter "Options Memo") and 2) a draft set of Federal Rules of Attorney Conduct, slightly amended for technical reasons from the set distributed with the Standing Committee Agenda in January (hereafter the "Draft Rules").

You will also recall a discussion about whether such Federal Rules of Attorney Conduct, if adopted through the Rules Enabling Act, would be best enacted as a free

standing set of federal rules, or included as an appendix to the Federal Rules of Civil Procedure. The advice of your committees is being sought on this issue. To aid discussion, a draft of possible amendments to Fed. R. Civ. P. 83 (1) and Fed. R. App. P. 46 is included. In addition, the "Options Memo" includes a possible amendment to Fed. R. Crim. P. 57 (d), at page 3.

Finally, every member of your Committees should have received a copy of the Working Papers of the Committee on Rules of Practice and Procedure: Special Studies of Federal Rules Governing Attorney Conduct (September, 1997). These Working Papers include seven extensive studies prepared by me and by the Federal Judicial Center over a four year period, including studies specially focused on Courts of Appeals (Study V, June 20, 1997) and on Bankruptcy Cases (Study VI, June 20, 1997). The "Options Memo" and the "Draft Rules" are cross-referenced throughout to these Working Papers.

III. What is Expected of the Advisory Committees?

The Standing Committee has been reviewing four different options, and has not yet decided which one to pursue. See Options Memo, pages 1-2. One option is to do nothing. A second is to adopt a single uniform federal rule that adopts the current rules of the relevant state courts as the federal rule in the district courts, with a "choice of law" rule for courts of appeals. This, the so-called "dynamic conformity" option, could be achieved by just adopting Rule 1 of the draft Federal Rules of Attorney Conduct. A third option is to apply state standards to all but a "core" of federal rules narrowly drafted to cover only attorney conduct before federal judges or closely related to federal proceedings. (This could be achieved by adopting all ten of the draft Federal Rules of Attorney Conduct.) A fourth option would be to have even fewer "core" federal rules, and adopt only some of the ten draft rules.

The Standing Committee seeks the advice of your Committees on these fundamental options, set out in the "Options Memo." Further, the Standing Committee requests your Committees to examine the "Draft Rules" in light of the special expertise of your Committee. The purpose is not to ask you to redraft these rules yourself, but rather to point out to the Standing Committee where improvements can be made. My task will then be to coordinate the suggestions from all of the Advisory Committees into new drafts and proposals to be considered at the June, 1998 Standing Committee Meeting.

It is expected that certain Advisory Committees will have much less to do than others. In particular, as Study V (1997) of the Working Papers demonstrates, there are almost no attorney conduct cases in the Courts of Appeals, even though the Courts of Appeals have many inconsistent local rules. Apparently, there is no particular problem with attorney conduct at that level. Thus, the Chair and Reporter of the Appellate Advisory Committee have already suggested that they "wait and see" what is decided

for the district and bankruptcy courts, where the problems are much more serious. This is perfectly reasonable.

Bankruptcy proceedings also present a special situation, as Study VI (1997) of the Working Papers demonstrates. There is much to be said for at least considering separate rules governing attorneys in bankruptcy cases, both because of the importance of the Bankruptcy Code, particularly § 327 (11 U.S.C. § 327 (a)), and because bankruptcy cases can present very different issues for public policy and efficiency. See Study VI (June 20, 1997), Working Papers, 294-332. The Bankruptcy Advisory Committee may prefer to focus on developing their own solutions to balkanized local rules in bankruptcy proceedings, rather than comment extensively on the "Draft Rules" included in the memorandum.

The Evidence Advisory Committee also has a relatively specialized frame of reference. Thus, the Standing Committee will be looking to the Civil and Criminal Rules Advisory Committees for the bulk of the assistance. I will be attending all three of these meetings, and will be available to help in any way.

IV. Specific Requests to Individual Committees

In addition to the general advice sought above, there are some specific areas where specialized help would be welcome.

A. Civil Rules Advisory Committee

Should Fed. R. Civ. P. 83 (c) be amended as proposed by the "Draft Rules," or should the Federal Rules of Attorney Conduct be adopted as a new "free standing" set of federal rules? Are there additional changes in the Fed. R. Civ. P. that should be considered in either case? What if the decision is to adopt only Rule 1 of the "Draft Rules," the so-called state "dynamic conformity" approach? Should that one rule be incorporated within the Fed. R. Civ. P., and, if so, where?

B. Criminal Rules Advisory Committee

Should Fed. R. Crim. P. 57 (d) be amended as suggested by Professor Schlueter at pages 2-3 of the "Options Memo"? Does the Committee have comments on "Draft Rule 10," which is based on the most recent discussion draft of a revised ABA Model Rule 4.2, resulting from extensive negotiation between the Conference of Chief Justices and the Department of Justice? Are there other Draft Rules which should get special attention because of their application in criminal matters? Finally, should any new Federal Rules of Attorney Conduct be "free standing," or incorporated within the Fed. R. Civ. P. as an appendix to Fed. R. Civ. P. 83, or as an appendix to Fed. R. Crim. P. 57 (d), or both? What if only Draft Rule 1 is adopted, the so-called state "dynamic conformity" approach?

C. Appellate Rules Advisory Committee

It is understood that this Committee may take a "wait and see" approach on the fundamental policy issues, as discussed above. Nevertheless, it would be appreciated if the proposed new draft of Fed. R. App. P. 46 be reviewed for technical errors and drafting suggestions.

D. Evidence Rules Advisory Committee

I am already indebted to Professor Capra for several most useful suggestions. It is understood that the expertise of this Advisory Committee is not directly involved with these proposals, although suggestions relating to unwanted or unforeseen effects by the Draft Rules on evidentiary privileges or other evidence matters would be gratefully received.

E. Bankruptcy Rules Advisory Committee

As suggested before, the Bankruptcy Committee may wish to consider a separate system of rules governing bankruptcy proceeding. Such a system is discussed at length in Study VI (June 20, 1997), Working Papers, 294-332. The Federal Judicial Center has volunteered to assist by conducting an empirical study of bankruptcy proceedings similar to that completed for district courts generally last June. See Study VII (June, 1997), Working Papers, 335-410.

Two specific questions remain. First, Study VI indicates that most bankruptcy proceedings are, at least technically, governed by the local rules of the relevant district courts, although those rules are often ignored. Should any adoption of a Federal Rules of Attorney Conduct replacing such district court local rules await resolution of the problems in bankruptcy proceedings? Second, bankruptcy policy is currently under review in a number of forums. Will these reviews impact rules governing attorney conduct?

V. Next Steps

At the meeting on June 18-19 in Santa Fe, the Standing Committee will consider all suggestions and criticism from the Advisory Committees. It may then issue the Federal Rules of Attorney Conduct for public comment, which does not imply ultimate approval, or it may amend the Draft Rules and resubmit them to the Advisory Committees for further work. It could also hold the Draft Rules and await a coordinated package of rules governing attorney conduct in bankruptcy procedures, or input from the ABA's "Ethics 2000" Project (chaired by Chief Justice Norman Veasey), or both.

In any case, the Standing Committee is most grateful for all the help it has already received from you and your Committees, and greatly appreciates your further efforts and suggestions.

FEDERAL RULES OF APPELLATE PROCEDURE

Rule 46. Attorneys

(a) Admission to the Bar.

(1) **Eligibility.** An attorney is eligible for admission to the bar of a court of appeals if that attorney is of good moral and professional character and has been admitted to practice before the Supreme Court of the United States, the highest court of a state, another United States court of appeals, or a United States district court (including the district courts for Guam, the Northern Mariana Islands, and the Virgin Islands).

(2) **Application.** An applicant must file an application for admission, on a court-approved form that contains the applicant's personal statement showing eligibility for membership. The applicant must subscribe to the following oath or affirmation:

> "I,_____, do solemnly swear [or affirm] that I will conduct myself as an attorney and counselor of this court, uprightly and according to law; and that I will support the Constitution of the United States."

(3) **Admission Procedures.** On written or oral motion of a member of the court's bar, the court will act on the application. An applicant may be admitted by oral motion in open court. But unless the court orders otherwise, an applicant need not appear before the court to be admitted. Upon admission, an applicant must pay the clerk the fee prescribed by local rule or court order.

(b) Suspension or Disbarment.

(1) Standard. A member of the court's bar is subject to suspension or disbarment by the court if the member:

(A) has been suspended or disbarred from practice in any other court; or

(B) has failed to comply with the court's standards governing attorney conduct. ~~is guilty of conduct unbecoming a member of the court's bar~~.

(2) Procedure. The member must be given an opportunity to show good cause, within the time prescribed by the court, why the member should not be suspended or disbarred.

(3) Order. The court must enter an appropriate order after the member responds and a hearing (if requested) is held, or after the time prescribed for a response expires, if no response is made.

(c) Discipline. A court of appeals may discipline an attorney who practices before it ~~for conduct unbecoming a member of the bar or~~ for *violating* ~~failure to comply with~~ *the court's standards governing attorney conduct or any of these rules.* ~~any court rule~~. First, however, the court must afford the attorney reasonable notice, an opportunity to show cause to the contrary, and, if requested, a hearing.

(d) Attorney Conduct. *The court's standards governing attorney conduct are as follows:*

(1) Proceedings Before District or Other Court. The standards of attorney conduct of a district or other court govern any act or omission of an attorney connected with proceedings before that court; and

(2) Any Other Act or Omission by Attorney. The standards of the Federal Rules of Attorney Conduct, together with other rules adopted under 28 U.S.C. § 2072, govern any other act or omission by an attorney.

NOTE

The changes to Fed. R. App. P. 46(b) (1) (B) and (c) eliminate the vague "conduct unbecoming" text and replace it with the more specific standards of the new section (d). This permanently resolves the concerns about ambiguity voiced by the Supreme Court in In re Snyder, 472 U.S. 634, 645 (1985). See also Matter of Hendrix, 986 F. 2d. 195, 201 (7th Cir. 1993) and In re Bithony, 486 F. 2d 319, 324 (1st Cir. 1973). See the full discussion in D.R. Coquillette, M. Leary, Working Papers of the Committee on Rules of Practice and Procedure: Special Studies of Federal Rules Governing Attorney Conduct (1997), 235-247. (Hereafter, "Working Papers.")

The new Section (d) eliminates the many inconsistent local standards that have previously governed attorney conduct issues in the courts of appeals. See the extensive studies in Working Papers, supra, 10, 73-77, 235-247, 289-291. Section (d) (1) requires that the court of appeal look to the standards of the relevant district or other court when considering an attorney's act or omission before such courts. Otherwise, the court should look to the new Federal Rules of Attorney Conduct, set out as Fed. R. Civ. P. Appendix 1. The standards of all district courts will also be established by the Federal Rules of Attorney Conduct under the new Fed. R. Civ. P. 83(c), but bankruptcy proceedings may be governed by different standards due to the Bankruptcy Code, particularly 11 U.S.C. § 327 (a). See discussion in Working Papers, supra, 293-333.

It should be noted that, by adopting the Federal Rules of Attorney Conduct, the new Fed. R. App. P. 46 (d) incorporates a choice of law rule, Rule 1 (a) of the Federal Rules of Attorney Conduct, closely modeled after Rule 8.5 (b) (1) of the ABA Model Rules.

FEDERAL RULES OF CIVIL PROCEDURE

(Addition of a new Fed. R. Civ. P. 83(c))

RULE 83: RULES BY DISTRICT COURTS

(c) *ATTORNEY CONDUCT. The standards of attorney conduct in the district courts are established by the Federal Rules of Attorney Conduct, enacted as an Appendix to these rules, together with other rules adopted under 28 U.S.C. § 2072.*

NOTE

The new part (c) of this rule promotes uniformity in the standards of conduct for all attorneys admitted to practice before federal district courts. In the past, the federal district courts relied upon many different local rules to prescribe standards of attorney conduct. See, D.R. Coquillette, *Report on Local Rules Regulating Attorney Conduct in the Federal Courts,* 1-3 (July 5, 1995) (Appendices I and II charted the many different attorney conduct rules in the 94 districts). These local rules took many forms. Some were ambiguously drafted. Others adopted conflicting standards of conduct. Still others adopted standards so vague they may have violated constitutional due process principles. See Report, supra, at 11-23, Appendix IV (Appendix IV contains Professor Linda Mullinex's article entitled, *Multiforum Federal Practice: Ethics and Erie,* in 9 Geo. J. Legal Ethics 89 (1995)); Eli J. Richardson, *Demystifying the Federal Law of Attorney Ethics,* 29 Geo. L. Rev. 137, 151-58 (1994). Finally, some districts failed to incorporate any standards of conduct in their local rules, leaving attorneys to guess the applicable standards. See Report, supra, at 8-11; Richardson, supra, at 152. This rule, applicable in all districts, seeks to eliminate the confusion. See D.R. Coquillette, *Study of Recent Federal Cases (1990-1995) Involving Rules of Attorney Conduct,* Appendix IV (Dec. 1, 1995) (containing: Bruce A. Green, *Whose Rules of Professional Conduct Should Govern Lawyers in Federal Court and How Should the Rules be Created,* 64 Geo. Wash. L. Rev. (1996)); Roger C. Cramton, *Memorandum to Participants of the Special Study Conference,* 3 (Jan. 8, 1996). See also D.R. Coquillette, M. Leary, Working Papers of the Committee on Rules of Practice and Procedure: Special Studies of Federal Rules Governing Attorney Conduct (1997), which contains the reports cited above, among others. (Hereafter, "Working Papers.")

The new part (c) leaves unchanged other uniform federal rules that already govern attorney conduct. See, for example, Fed. R. Civ. P. 11, 26(g), 30(d), and 37(b).

The proposed new Fed. R. App. P. 46 would also institute the Federal Rules of Attorney Conduct in the courts of appeals, but bankruptcy proceedings are not included due to special policy concerns and the provisions of the Bankruptcy Code, especially § 327. See 11 U.S.C. § 327(a). See D.R. Coquillette, Study of Recent Bankruptcy Cases (1990-1996) Involving Rules of Attorney Conduct, May 11, 1997, set out in Working Papers, supra, 293-333.

Appendix

Federal Rules of Attorney Conduct

RULE 1. GENERAL RULE

(a) **Standards for Attorney Conduct.** Except as provided by subdivision (c) of this rule, or a rule adopted in accordance with 28 U.S.C. §§ 2072, or a rule of the Federal Rules of Attorney Conduct, the standards for attorney conduct for United States district courts and courts of appeals are as follows:

(1) **Conduct in Proceedings Before District Court.** For conduct in connection with a case or proceeding pending in a district court before which a lawyer has been admitted to practice (either generally or for purposes of that proceeding), the standards to be applied must be the standards of attorney conduct currently adopted by the state authority responsible for adopting rules of attorney conduct of the state in which the district court sits; and

(2) **All Other Conduct.** For any other act or omission by an attorney admitted to practice before a district court or court of appeals, the standards for attorney conduct are:

(A) if the attorney is licensed to practice only in one state, the rules of that state as currently adopted by its highest court, or

(B) if the attorney is licensed to practice in more than one state, the rules of the state in which the attorney principally practices as currently adopted by its highest court; but if particular conduct has its predominant effect in another state in which the attorney is licensed to practice, then the rules of that state as currently adopted by its highest court.

(3) **Violation as Misconduct.** If an attorney violates these rules — whether individually or in concert with others, and whether or not the violation occurred in the course of the attorney-client relationship — the violation constitutes misconduct and is grounds for discipline.

(b) **Sanctions.** For misconduct defined in the Federal Rules of Attorney Conduct, for good cause shown, and after notice and opportunity to be heard, an attorney admitted to practice before a district court or court of appeals may be disbarred, suspended, reprimanded, or subjected to any other disciplinary action that the court deems appropriate. The same misconduct may also subject an attorney to the disciplinary authority of the state or states where the attorney is admitted to practice.

(c) **Applicability.** Rules 2-10 of the Federal Rules of Attorney Conduct apply only in a case or proceeding pending in a United States district court or court of appeals. Rule 1(a) and (b) and Rules 2-10 of the Federal Rules of Attorney Conduct do not apply in a case or proceeding pending in the district court within the jurisdiction conferred by 28 U.S.C. §§ 1334 or 158, or in a case or proceeding referred to a bankruptcy judge under 28 U.S.C. § 157(a), unless otherwise provided by the Federal Rules of Bankruptcy Procedure or by local bankruptcy rules promulgated in accordance with F.R. Bankr. P. 9029.

NOTE

This rule is based on Model Local Rule IV of the Federal Rules of Disciplinary Enforcement as recommended by the Committee on Court Administration and Case Management in 1978 and ABA Model Rule of Professional Conduct 8.5 governing choice of law for disciplinary authority. See D.R. Coquillette, *Report on Local Rules Regulating Attorney Conduct in the Federal Courts,* Appendix V (July 5, 1995) (original version of Rule IV of the Federal Rules of Disciplinary Enforcement), republished in D.R. Coquillette, M. Leary, Working Papers of the Committee on Rules of Practice and Procedure: Special Studies of Federal Rules Governing Attorney Conduct (1997), 1-95. (Hereafter, "Working Papers.")

The words "case or proceeding pending before" a court mean any matter which is actually before such a court, or is certain to be before such a court.

The Federal Rules of Attorney Conduct were not designed to govern bankruptcy cases and proceedings. The Committee on Rules of Practice and Procedure recognizes that there may be situations in which standards for attorney conduct in bankruptcy cases and proceedings should or must differ in some respects from standards applicable in other federal cases. First, there are statutory provisions that govern aspects of attorney conduct in bankruptcy cases, but have no

application in other federal litigation. The Bankruptcy Code contains several provisions that govern attorney conduct, such as the requirement that an attorney for a trustee or committee be "disinterested," limitations on compensation, and a prohibition against sharing compensation. See 11 U.S.C. §§ 327-331, 504. Second, the Federal Rules of Bankruptcy Procedure contain several rules governing aspects of attorney conduct, such as Rule 2014 on disclosures of relationships with parties in interest.

Rule 1(c) renders the Federal Rules of Attorney Conduct generally inapplicable in bankruptcy cases and proceedings. It is anticipated that the Advisory Committee on Bankruptcy Rules will consider formulating additional standards for attorney conduct applicable in bankruptcy cases and proceedings if, by local bankruptcy rule, the attorney conduct standards of the district court are made applicable.

RULE 2. CONFIDENTIALITY OF INFORMATION

(a) A lawyer must not reveal information relating to representation of a client unless the client consents after consultation, except for disclosures that are impliedly authorized in order to carry out the representation, for disclosures required by law or court order, and except as stated in paragraph (b).

(b) A lawyer may reveal, and to the extent required by Federal Rules of Attorney Conduct 7 and 9(b) must reveal, such information to the extent the lawyer reasonably believes necessary:

(1) to prevent the client from committing a criminal or fraudulent act that the lawyer believes is likely to result in death or substantial bodily harm, or in substantial injury to another's financial interests or property; or

(2) to establish a claim or defense on behalf of the lawyer in a controversy between the lawyer and the client, to establish a defense to a criminal charge or civil claim against the lawyer based upon conduct in which the client was involved, or to respond to allegations in any proceeding concerning the lawyer's representation of the client.

NOTE

This rule adopts ABA Model Rule of Professional Conduct 1.6 almost in its entirety. There is one significant exception. The rule modifies Rule 1.6 to permit disclosures of confidential information in order to prevent a fraudulent act which would result in substantial injury to the financial interests or property of another. (The ABA Model Rule 1.6 only permits such disclosure in the cases of criminal acts "likely to result in imminent death or substantial bodily harm.") The rule was modified to reflect prevailing state views which permit this type of disclosure. Thirty-six states permit disclosure under these circumstances, and five states mandate disclosure in these circumstances. By permitting disclosure, the federal rule comports with or avoids conflict with forty-one jurisdictions, and follows the trend in the most recent state adoption of the Model Rules, such as in Massachusetts, effective Jan. 1, 1998. See Roger C. Cramton, *Memorandum to Participants of the Special Study Conference, 2* (Jan. 8, 1996). In addition, an exception for disclosures "required by law or court order" has been added. See ABA Code of Professional Responsibility DR-4-101 (C) (2). Finally, the rule

provides a reference to Federal Rules of Attorney Conduct 7 and 9 which are based on the ABA Model Rules of Professional Conduct 3.3 and 4.1 respectively. This reference emphasizes that Federal Rule of Attorney Conduct 2(b) is not the only provision of these rules which deals with disclosure of information and that in some circumstances disclosure of such information may be required and not merely permitted.

Small stylistic changes have been made in all of the ABA Model Rules, even those adopted without substantive changes. For example, in Rule 2 the ABA Model Rule 1.6 (a) uses "shall," and the Federal Rule 2(a) uses "must." This is to comport with uniform federal drafting guidelines. See Bryan A. Garner, Guidelines for Drafting and Editing Court Rules (1997), 29.

While the "Comments" published with the ABA Model Rules have not been formally adopted, even for those federal rules that closely follow the ABA models, they are useful as "guides to interpretation." See ABA Model Rules, "Preamble," Sec. 21, in Model Rules of Professional Conduct (1998 ed.), 8.

RULE 3. CONFLICT OF INTEREST: GENERAL RULE

(a) A lawyer must not represent a client if that representation will be directly adverse to another client, unless:

(1) the lawyer reasonably believes the representation will not adversely affect the relationship with the other client; and

(2) each client consents after consultation.

(b) A lawyer must not represent a client if that representation may be materially limited by the lawyer's responsibilities to another client or to a third person, or by the lawyer's own interests, unless:

(1) the lawyer reasonably believes the representation will not be adversely affected; and

(2) the client consents after consultation; when representation of multiple clients in a single matter is undertaken, the consultation must include explanation of the implications of the common representation and the advantages and risks involved.

NOTE

This rule adopts ABA Model Rule of Professional Conduct 1.7 in its entirety, with small stylistic changes. Over the last five years, the largest number of federal disputes involving attorney conduct concerned conflict of interest rules. See Daniel R. Coquillette, *Study of Recent Federal Cases (1990-95) Involving Rules of Attorney Conduct,* 3 (Dec. 1, 1995) (forty-six percent of reported federal disputes involved conflict of interest rules). See Working Papers, supra, 100-102, 107-116, 189-210.

This Rule, and Rules 5, 6 and 8, do not prevent a trial judge from disqualifying an attorney when necessary to protect the integrity of a judicial proceeding, despite client consent to the representation. See Wheat v. United States, 486 U.S. 153 (1988).

RULE 4. CONFLICT OF INTEREST: PROHIBITED TRANSACTIONS

(a) A lawyer must not enter into a business transaction with a client or knowingly acquire an ownership, possessory, security, or other pecuniary interest adverse to a client unless:

(1) the transaction and terms on which the lawyer acquires the interest are fair and reasonable to the client and are fully disclosed and transmitted in writing to the client in a manner that can be reasonably understood by the client;

(2) the client is given reasonable opportunity to seek the advice of independent counsel in the transaction; and

(3) the client consents in writing.

(b) A lawyer must not use information relating to representation of a client to the client's disadvantage unless the client consents after consultation, except as permitted or required by Federal Rules of Attorney Conduct 2 or 7.

(c) A lawyer must not prepare an instrument giving the lawyer or a person related to the lawyer as parent, child, sibling, or spouse any substantial gift from a client, including a testamentary gift, except where the client is related to the donee.

(d) Until the representation of a client ends, a lawyer must not make or negotiate an agreement giving the lawyer literary or media rights to a portrayal or account based in substantial part on information relating to the representation.

(e) A lawyer must not provide financial assistance to a client in connection with pending or contemplated litigation, except that:

(1) a lawyer may advance court costs and expenses of litigation, the repayment of which may be contingent on the outcome of the matter; and

(2) a lawyer representing an indigent client may pay court costs and expenses of litigation on the client's behalf.

(f) A lawyer must not accept compensation for representing a client from one other than the client unless:

(1) the client consents after consultation;

(2) there is no interference with the lawyer's independence of professional judgment or with the attorney-client relationship; and

(3) information relating to the representation of a client is protected as required by Federal Rules of Attorney Conduct 2, 7, and 9.

(g) A lawyer who represents two or more clients must not participate in making aggregate settlement of claims of or against the clients, or in a criminal case an aggregated agreement on guilty or nolo contendere pleas, unless each client consents after consultation, including disclosure of the existence and nature of all the claims or pleas involved and of the participation of each person in the settlement.

(h) A lawyer must not make an agreement prospectively limiting the lawyer's liability to a client for malpractice unless permitted by law and the client is independently represented in making the agreement. Nor may a lawyer settle a claim for such liability with an unrepresented person or former client without first advising that person in writing to seek independent representation.

(i) A lawyer related to another lawyer as parent, child, sibling, or spouse must not represent a client whose interests in that matter are directly adverse to a person whom the lawyer knows is represented by the other lawyer unless the client consents after a consultation about the relationship.

(j) A lawyer must not acquire a proprietary interest in a claim or in the subject matter of litigation that the lawyer is conducting for a client, except that the lawyer may:

(1) acquire a lien granted by law to secure the lawyer's fee or expenses; and

(2) contract with a client for a reasonable contingent fee in a civil case.

NOTE

This rule adopts ABA Model Rule of Professional Conduct 1.8 in its entirety except for small stylistic changes and cross references to these rules. Again, over the last five years, the largest category of federal disputes involving attorney conduct centered on conflict of interest rules. See Daniel R. Coquillette, *Study of Recent Federal Cases (1990-95) Involving Rules of Attorney Conduct,* 3 (Dec. 1, 1995) (forty-six percent of reported federal disputes involved conflict of interest rules). See Working Papers, supra, 100-102, 107-116. DR 4-101(B)(2) and (3), DR 5-103, DR 5-104, DR 5-106, DR 5-107(A) and (B), DR 5-108 and DR 6-102 are the corresponding provisions of the ABA Code of Professional Responsibility. See Working Papers, supra, 115-116, 199-200, 205-210.

RULE 5. CONFLICT OF INTEREST: FORMER CLIENT

(a) A lawyer who has formerly represented a client in a matter must not later represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the former client's interests unless the former client consents after consultation.

(b) (1) Except as noted in (b)(2), a lawyer must not knowingly represent a person in the same or a substantially related matter in which a firm with which the lawyer was formerly associated had previously represented a client:

(A) whose interests are materially adverse to that person; and

(B) about whom the lawyer had acquired information protected by Federal Rules of Attorney Conduct 2 and 5(c), that is material to the matter.

(2) The former client may, after consultation, consent to the type of representation described in (b)(1).

(c) A lawyer who has formerly represented a client in a matter or whose present or former firm has formerly represented a client in a matter must not later:

(1) use information relating to the representation to the disadvantage of the former client except as Federal Rule of Attorney Conduct 2 and 7 would permit or require with respect to a client, or when the information has become generally known; or

(2) reveal information relating to the representation except as Federal Rule of Attorney Conduct 2 or 7 would permit or require with respect to a client.

NOTE

This rule adopts the substance of ABA Model Rule of Professional Conduct 1.9 in its entirety except for the cross references to these rules. DR 4-101(B) and (C) and DR 5-105(C) are the corresponding provisions of the ABA Code of

Professional Responsibility. See Working Papers, supra, 100-102, 107-116, 189-210.

RULE 6. IMPUTED DISQUALIFICATION: GENERAL RULE

(a) While lawyers are associated in a firm, they must not knowingly represent a client when any one of them practicing alone would be prohibited from doing so by Federal Rules of Attorney Conduct 4, 5(c), or 6.

(b) When a lawyer has terminated an association with a firm, the firm is not prohibited from later representing a person with interests materially adverse to those of a client represented by the formerly associated lawyer, and not currently represented by the firm, unless:

(1) the matter is the same or substantially related to that in which the formerly associated lawyer represented the client; and

(2) any lawyer remaining in the firm has information that is both protected by Federal Rules of Attorney Conduct 2 and 5(c), and material to the matter.

(c) A disqualification prescribed by this rule may be waived by the affected client under the conditions stated in Federal Rule of Attorney Conduct 3.

NOTE

This rule adopts ABA Model Rule of Professional Conduct 1.10 almost in its entirety except for small stylistic changes and cross references to these rules. The rule does not include a federal rule similar to ABA Model Rule 2.2, dealing with the lawyer as an intermediary. No recent federal cases have involved ABA Model Rule 2.2, and the matter should be left to state rules. See Daniel R. Coquillette, *Study of Recent Federal Cases (1990-95) Involving Rules of Attorney Conduct,* 3 (Dec. 1, 1995) (no reported federal disputes involve Model Rule 2.2). See Working Papers, supra, 189-210. DR 5-105(D) is the corresponding provision of the ABA Code of Professional Responsibility. See Working Papers, supra, 115-116, 199-200, 209-210.

RULE 7. CANDOR TOWARD THE TRIBUNAL

(a) A lawyer must not knowingly:

(1) make a false statement of material fact or law to a tribunal;

(2) fail to disclose a material fact to a tribunal when disclosure is necessary to avoid assisting a criminal or fraudulent act by the client;

(3) fail to disclose to the tribunal legal authority in the controlling jurisdiction known to the lawyer to be directly adverse to the client's position and not disclosed by opposing counsel; or

(4) offer evidence that the lawyer knows to be false. If a lawyer has offered material evidence and comes to know of its falsity, the lawyer must take reasonable remedial measures.

(b) The duties stated in paragraph (a) continue to the conclusion of the proceeding, and apply even if compliance requires disclosure of information otherwise protected by Federal Rule of Attorney Conduct 2.

(c) A lawyer may refuse to offer evidence that the lawyer reasonably believes is false.

(d) In an ex parte proceeding, a lawyer must inform the tribunal of all known material facts that will enable the tribunal to make an informed decision, even if the facts are adverse.

NOTE

This rule adopts ABA Model Rule of Professional Conduct 3.3 in its entirety except for small stylistic changes and a cross reference to these rules. To preserve the integrity of the court proceedings, candor toward the tribunal is a matter of significant federal interest, and as such, requires a single uniform standard applicable in all federal courts. See Roger C. Cramton, *Memorandum to Participants of the Special Study Conference,* 2-3 (Jan. 8, 1996). The rule is also needed in continuing Federal Rules of Attorney Conduct Rule 2 and 4, where it is cross-cited. DR 7-102 and DR 7-106(B) are the corresponding provisions of

the ABA Code of Professional Responsibility. See Working Papers, supra, 100-102, 107-116, 189-210.

RULE 8. LAWYER AS WITNESS

(a) A lawyer must not act as an advocate at a trial in which the lawyer is likely to be a necessary witness except where:

(1) the testimony relates to an uncontested issue;

(2) the testimony relates to the nature and value of legal services rendered in the case; or

(3) the lawyer's disqualification would work a substantial hardship on the client.

(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from so doing by Federal Rules of Attorney Conduct 3 or 5.

NOTE

This rule adopts ABA Model Rule of Professional Conduct 3.7 in its entirety, except for small stylistic changes and a cross reference to these rules. Between 1990-1995, ten percent of reported federal disputes involve lawyer as witness rules. See Daniel R. Coquillette, *Study of Recent Federal Cases (1990-95) Involving Rules of Attorney Conduct,* 3 (Dec. 1, 1995). See Working Papers, supra, 100-102, 107-116, 189-210. This trend dropped to five percent between July 1, 1995 and March 23, 1996, id., 196, but the 1990-1996 culminated totals are still high at 49 cases, or more than nine percent. Id., 203. Thus, a federal lawyer as witness rule is needed to create uniform standards of conduct for attorneys practicing in the federal courts. The corresponding provisions of the ABA Code of Professional Responsibility are DR 5-101(B) and DR 5-102. See Working Papers, supra, 115-116, 199-200, 209-210.

RULE 9. TRUTHFULNESS IN STATEMENTS TO OTHERS

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

(a) make a false statement of material fact or law to a third person; or

(b) fail to disclose a material fact to a third person when disclosure is necessary to avoid assisting in a criminal or fraudulent act by a client, unless disclosure is prohibited by Federal Rule of Attorney Conduct 2.

NOTE

This rule adopts ABA Model Rule of Professional Conduct 4.1 in its entirety except for a small stylistic change and a cross reference to these rules. This rule is rarely invoked in federal court proceedings, but it is a central rule of conduct. See Working Papers, supra, 203. See Roger C. Cramton, Memorandum to Participants of the Special Study Conference (Jan. 8, 1996). It is also needed in applying Rule 2, supra, where it is cross-cited. The corresponding provision of the ABA Model Code of Professional Responsibility is DR 7-102. See Working Papers, supra, pp. 116, 210.

RULE 10. COMMUNICATIONS WITH PERSONS REPRESENTED BY COUNSEL

(a) **General Rule.** A lawyer who is representing a client in a matter must not communicate about the subject of the representation with a person the lawyer knows to be represented by another lawyer in the matter, unless the lawyer has the consent of the other lawyer or is authorized to do so by:

(1) constitutional law, statute, or an agency regulation having the force of law;

(2) a decision or a rule of a court of competent jurisdiction;

(3) a prior written authorization by a court of competent jurisdiction obtained by the lawyer in good faith; or

(4) paragraph (b) of this rule.

(b) **Rules Relating to Government Lawyers Engaged in Civil or Criminal Law Enforcement.** A government lawyer engaged in a criminal or civil law enforcement matter, or a person acting under the lawyer's direction, may communicate with a person known by the government lawyer to be represented by a lawyer in the matter if:

(1) the communication occurs prior to the person's having been arrested, charged in a criminal case, or named as a defendant in a civil law enforcement proceeding brought by the governmental agency that seeks to engage in the communication, and the communication relates to the investigation of criminal activity or other unlawful conduct; or

(2) the communication occurs after the represented person has been arrested, charged in a criminal case, or named as a defendant in a civil law enforcement proceeding brought by the governmental agency that seeks to engage in the communication, and the communication is:

(A) made in the course of any investigation of additional, different, or ongoing criminal activity or other unlawful conduct; or

(B) made to protect against a risk of death or bodily harm that the government lawyer reasonably believes may occur; or

(C) made at the time of the arrest of the represented person and after he or she is advised of his or her rights to remain silent and to counsel and voluntarily and knowingly waives those rights; or

(D) initiated by the represented person, either directly or through an intermediary, if prior to the communication the represented person has given a written or recorded voluntary and informed waiver of counsel for that communication.

(c) Organizations as Represented Persons.

(1) When the represented "person" is an organization, an individual is "represented" by counsel for the organization if the individual is not seperately represented with respect to the subject matter of the communication, and

(A) with respect to a communication by a government lawyer in a civil or criminal law enforcement matter, is known by the government lawyer to be a current member of the control group of the represented organization; or

(B) with respect to a communication by a lawyer in any other matter, is known by the lawyer to be

(i) a current member of the control group of the represented organization; or

(ii) a representative of the organization whose acts or omissions in the matter may be imputed to the organization under applicable law; or

(iii) a representative of the organization whose statements under applicable rules of evidence would have the effect of binding

the organization with respect to proof of the matter.

(2) The term "control group" means the following persons (A) the chief executive officer, chief operating officer, chief financial officer, and chief legal officer of the organization; and (B) to the extent not encompassed by the foregoing, the chair of the organization's governing body, president, treasurer, and secretary, and a vice-president or vice-chair who is in charge of a principal business unit, division, or function (such as salaries, administration, or finance) or performs a major policy making function for the organization; and (C) any other current employee or official who is known to be participating as a principal decision maker in the determination of the organization's legal position in the matter.

(d) **Limitations on Communications.** When communicating with a represented person pursuant to this Rule, a lawyer must not:

(1) inquire about information regarding litigation strategy or legal arguments for counsel, or seek to induce the person to forego representation or disregard the advice of the person's counsel; or

(2) engage in negotiations of a plea agreement, settlement, statutory or non-statutory immunity agreement, or other disposition of actual or potential criminal charges or civil enforcement claims, or sentences or penalties with respect to the matter in which the person is represented by counsel unless such negotiations are permitted by paragraph (a) or (b) (2) (D).

NOTE

This rule is based on the tentative outcome of negotiations between the Department of Justice and the Conference of Chief Justices, "Discussion Draft, December 19, 1997," with the addition of some technical stylistic changes. As such, it differs from the comparable ABA rule, ABA Model Rule 4.2, in many respects. See ABA Formal Opinion 97-408 (1997); ABA Formal Opinion 95-396 (1995) and ABA Informal Opinion 1377 (1997). This rule, as negotiated, has an extensive "Comment." See "Discussion Draft, December 19, 1997," "Comment," pp. 1-6.

The Conference of Chief Justices considered this "Discussion Draft" at its regular Midwinter Meeting on January 25-29, 1998. At the request of officials of the American Bar Association and others, the Conference postponed the matter to its next meeting, scheduled for August 2-6, 1998. See Memorandum of February 6, 1998 from Chief Justice Thomas R. Phillips, President, Conference of Chief Justices. Obviously, if the Conference of Chief Justices, the Department of Justice, and the American Bar Association can agree on a draft rule, it will be the presumptive candidate for the final version of Rule 10.

From 1990-1995, twelve percent of reported federal cases involve rules governing communications with represented persons. See Daniel R. Coquillette, *Study of Recent Federal Cases* (1990-95) *Involving Rules of Attorney Conduct*, 3 (Dec. 1, 1995). See Working Papers, supra, 99-211. This trend increased between July 1, 1995 and March 23, 1996, to sixteen percent. Id., 196. Thus, a federal rule is needed to create uniform standards of conduct for attorneys practicing in the federal courts. The corresponding provision of the ABA Code of Professional Responsibility is DR 7-104. See id., 115-116, 199-200, 209-210.

Rule 4: Service on Federal Employees Sued as Individuals

The Department of Justice has proposed amendments to Civil Rules 4 and 12 to accommodate its needs in responding to actions in which a federal officer or employee is sued in an individual capacity. Rule 4(i) would be amended to require service on the United States as well as the individual defendant. Rule 12(a)(3) would be amended to allow 60 days for answering the complaint.

The basic argument in favor of these changes is that the United States frequently provides counsel for an individual officer or employee sued for actions that "reasonably appear to have been performed within the scope of the employee's employment." 28 C.F.R. § 50.15(a). Service on the United States Attorney assures that the Department of Justice can begin the process of determining whether to provide representation. Allowing 60 days to answer serves the need to allow time to determine whether to provide representation, and also the needs that justify a 60-day answer period when suit is brought against the United States or a United States officer or employee in an official capacity.

The full background of this proposal is best provided by the attached papers: (1) August 19, 1997 letter from Hon. Frank W. Hunger to Edward H. Cooper; (2) August 27, 1997 letter from Cooper to Hunger; and (3) undated Memorandum from Helene M. Goldberg to Hon. Frank W. Hunger.

It is tempting to recast Rule 4(i) in current style conventions, but the temptation should be resisted. Rule 4 was revised from beginning to end in 1993, and the style of Rule 4(i) mirrors the style of the rest of the rule. Piecemeal revision seems inappropriate, and might generate confusion.

The drafts of Rule 4(i)(2) and Rule 12(a)(3) are described in draft Committee Notes that are far shorter than the Notes proposed by the Department of Justice drafts. Here, at least, it seems possible to honor John Frank's cogent advice that Committee Notes are best kept brief.

Rule 4. Summons

* * *

(i) Service Upon the United States, and its Agencies, Corporations, or Officers.

* * *

(2) (A) Service ~~upon~~ on an ~~officer,~~ agency~~,~~ or corporation of the United States, or an officer of the United States sued in an official capacity, shall be effected by serving the United States in the manner prescribed by paragraph (1) of this subdivision and by also sending a copy of the summons and ~~of the~~ complaint by registered or certified mail to the officer, agency, or corporation.

(B) Service on an officer or employee of the United States sued in an individual capacity for acts or omissions [occurring in connection with the performance of duties on behalf of the United States] {arising out of the course of the United States office or employment[1]}(performed in the scope of the office or employment) shall be effected by serving the United States in the manner prescribed by paragraph (1) of this subdivision and by serving the officer or employee in the manner prescribed by subdivisions (e), (f), or (g).

Committee Note

Paragraph (2) is added to Rule 4(i) to require service on the United States when a United States officer or employee is sued in an individual capacity for acts or omissions performed in the scope of the office or employment. Decided cases provide uncertain guidance on the question whether the United States must be served in such actions. See *Vaccaro v. Dobre*, 81 F.3d 854, 856-857 (9th Cir., 1996); *Armstrong v. Sears*, 33 F.3d 182, 185-187 (2d Cir.1994); *Ecclesiastical Order of the Ism of Am v. Chasin*, 845 F.2d 113, 116 (6th Cir.1988); *Light v. Wolf*, 816 F.2d 746 (D.C.Cir., 1987); see also *Simpkins v. District of Columbia*, 108

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[1] The Department of Justice prefers this alternative. See undated letter from Hon. Frank W. Hunger to Edward H. Cooper, attached. As noted in the letter, the formula chosen for Rule 4 also should be used in Rule 12.

F.3d 366, 368-369 (D.C.Cir.1997). Service on the United States will help to protect the interest of the individual defendant in securing representation by the United States, and will expedite the process of determining whether the United States will provide representation. It has been understood that the individual defendant must be served as an individual defendant, a requirement that is made explicit. Invocation of the individual service provisions of subdivisions (e), (f), and (g) invokes also the waiver-of-service provisions of subdivision (d).

Rule 12. Defenses and Objections – When and How Presented – By Pleading or Motion – Motion for Judgment on the Pleadings

(a) When Presented. * * *

(3) (A) The United States, an agency of the United States, or an officer or employee of the United States sued in an official capacity shall serve an answer to the complaint or to a cross-claim, or a reply to a counterclaim, within 60 days after the service upon the United States attorney of the pleading in which the claim is asserted.

(B) An officer or employee of the United States sued in an individual capacity for acts or omissions performed in the scope of the office or employment shall serve an answer to the complaint or to a cross-claim, or a reply to a counterclaim, within 60 days after the later of service on the officer or employee or service on the United States Attorney.

Committee Note

Rule 12(a)(3)(B) is added to complement the addition of Rule 4(i)(2)(B). The purposes that underlie the requirement that service be made on the United States in an action that asserts individual liability of a United States officer or employee for acts performed in the scope of the office or employment also require that the time to answer be extended to 60 days. Time is needed for the United States to determine whether to provide representation to the defendant officer or employee. If the United States provides representation, the need for an extended answer period is the same as in actions against the United States, a United States agency, or a United States officer sued in an official capacity.

U. S. Department of Justice

Civil Division

Office of the Assistant Attorney General *Washington, D.C. 20530*

August 19, 1997

VIA FACSIMILE

(313) 764-4347

Professor Edward H. Cooper
The University of Michigan Law School
Hutchins Hall
Ann Arbor, Michigan 48109-1215

Dear Ed:

Many thanks for your letter of August 4, 1997, concerning proposed amendments to Civil Rules 4 and 12 re Bivens Actions. Tom's suggestions were most helpful and as a result thereof I asked my staff to make revisions to the proposed amendments.

I am enclosing for inclusion in the agenda book, the most recent revisions which include Tom's suggestions. The proposed comments have also been revised.

I am sending Tom a copy of this letter and the final proposed amendments which incorporate his suggestions. Many thanks to each of you for the assistance extended. I look forward to seeing you in Boston.

My best wishes.

Cordially yours,

Frank W. Hunger
Assistant Attorney General

Enclosure

cc: Professor Thomas D. Rowe, Jr.

PROPOSED AMENDMENT TO Fed. R. Civ. P. 4:

It is proposed that Federal Rule of Civil Procedure 4(i)(2) be amended to add the following:

> "The term officer of the United States shall include any person sued or named as a defendant in a claim seeking monetary relief for any act or omission under color of federal office or employment."

Comment: The purpose of the addition is to ensure that the term "officer of the United States" as used in Rule 4(i)(2) has the same meaning with respect to all claims against federal officers regardless of the nature of the relief sought in the complaint. Rule 4(i)(2) is designed to ensure that the United States, and the Department of Justice in particular, receive prompt notice of suits in which the United States is itself a party or has an interest. Even though the monetary relief available in an individual capacity suit, such as for example a suit for damages brought under *Bivens v. Six Unknown Named Agents of the Fed. Bureau of Narcotics*, 403 U.S. 388 (1971), may operate solely against the defendant officer's personal assets, the essence of such a suit remains a challenge to the lawfulness of actions taken by a government official under color of federal office or federal law. Therefore, individual capacity suits implicate important interests of the United States in addition to interests of the officer as an individual, and the United States routinely defends such suits on that basis. *See* 28 C.F.R. § 50.15(a). As amended, the term "officer of the United States" now includes government officers and employees sued in their individual capacities for actions taken pursuant to their official duties.

The courts that have addressed the question of whether individual capacity suits are subject to the service requirements of Rule 4(i)(2) have reached differing results. *Compare Light v. Wolf*, 816 F.2d 746 (D.C. Cir. 1987) (holding that service upon the United States is required in individual capacity suits); *Ecclesiastical Order of the Ism of Am, Inc. v. Chasin*, 845 F.2d 113 (6th Cir. 1983) (dicta suggesting the same), *with Armstrong v. Sears*, 33 F.3d 182 (2d Cir. 1994) (service upon the United States not required), and *Vaccaro v. Dobre*, 81 F.3d 854 (9th Cir. 1995) (same). *See also Simpkins v. District of Columbia*, 108 F.3d 366 (D.C. Cir. 1997) (holding that for purposes of individual capacity claims service upon federal officer as an individual is required and suggesting in dicta that the holding of *Light* may be limited to official capacity claims). The amendment ensures that the United States receives, through the usual means of service of process upon the United States, notice of individual capacity suits in which it might have an interest.

The color of office or employment test adopted in the amendment reflects standards applied by several courts of appeals for determining when a party is an officer of the United States

under Federal Rule of Appellate Procedure 4(a). Under Appellate Rule 4(a), a party has 30 days to appeal from a district court judgment unless the United States, an agency or officer thereof is a party to the action. In the latter instance, any party shall have 60 days in which to appeal. The question has arisen under Appellate Rule 4(a) as to whether a government official sued in his or her individual capacity is an officer of the United States whose presence as a party to the action triggers the 60-day appeal period. The courts that have answered this question in the affirmative have employed a three-factor test under which a defendant is deemed an officer of the United States if any one of the following conditions is satisfied: (a) the defendant was acting under color of office, or (b) the officer was acting under color of law or lawful authority, or (c) any party in the case is represented by a government attorney. *Wallace v. Chappell*, 637 F.2d 1345, 1348 (9th Cir. 1981); *Williams v. Collins*, 728 F.2d 721, 724 (5th Cir. 1984); *Buonocore v. Harris*, 65 F.3d 347 (4th Cir. 1995).

This test has presented little difficulty in application in the appellate context and should present similar ease of application in the district courts when employed for the purpose of determining when a defendant is an officer of the United States. Most individual capacity suits against federal officers entail *Bivens*-type actions. Because the essence of a *Bivens*-type action is a claim for damages for injury caused by conduct under color of federal office or federal law, the overwhelming majority of complaints arising from conduct under color of federal office or employment will give some indication on their face that the defendant is an officer of the United States within the meaning of the amended rule. Therefore, cases in which there is a dispute as to whether a defendant is an officer of the United States within the meaning of the rule should be extremely rare and, under this test, the district courts should have little difficulty resolving the question if and when a dispute should arise. The amendment applies to all claims for monetary relief against persons alleged to have acted or failed to act under color of federal office or federal employment.

AMENDMENT TO Fed. R. Civ. P. 12(a)(3).

It is proposed that Federal Rule of Civil Procedure 12(a)(3) be amended to add the following:

> "The term officer of the United States shall include any person sued or named as a defendant in a claim seeking monetary relief for any act or omission under color of federal office or employment. In the event that a claim asserted against an officer of the United States as defined in this Rule and Rule 4(i) necessitates, in addition to service under Rule 4(i), service upon the officer under Rule 4(e) or 4(f), the officer's time to respond to the complaint shall be 60 days from the date of such service under Rule 4(e) or

4(f), or 60 days from the date of service upon the United States Attorney, whichever is later."

Comment: The amendment brings Rule 12(a)(3) into conformity with Rule 4(i)(2) and ensures that the term officer of the United States as used throughout the Rules of Civil Procedure includes government officers and employees sued in their individual capacities for acts taken under color of office or employment. The effect of the amendment to Rule 12(a)(3) is to ensure that a federal government officer sued in his or her individual capacity for official acts has the same 60-day response time applicable to claims against the United States, its agencies and officers generally. The 60-day response time allows the United States to determine whether it has an interest in defending the lawsuit on the individual officer's behalf. Because the United States generally will have an interest in defending suits challenging the official actions of its officers and employees regardless of whether the relief is sought from the officer in his or her official or individual capacity, the 60-day response time should be available in all such suits.

Essentially the same test employed for purposes of service of process under Rule 4(i)(2) is employed for the purpose of determining the time to respond under Rule 12(a)(3). The advisory committee approves of the test developed by several courts of appeals for determining when a defendant is an officer of the United States under Federal Rule of Appellate Procedure 4(a), and the amendment to Rule 12(a)(3) reflects the factors utilized in those decisions. *See Wallace v. Chappell*, 637 F.2d 1345, 1348 (9th Cir. 1981); *Williams v. Collins*, 728 F.2d 721, 724 (5th Cir. 1984); *Buonocore v. Harris*, 65 F.3d 347 (4th Cir. 1995). In light of the 1993 amendments to the Rules allowing for requests for waiver of service of process and a 60-day response time for defendants who timely waive service of process upon a request addressed to them within a judicial district of the United States, it is not expected that allowing officers of the United States a 60-day response time when sued in their individual capacities for official acts should present any substantial delays in the progress of litigation.

The last sentence reflects the possibility that in some cases the dual service (or waiver) requirements imposed by Rule 4(i) and by Rule 4(e) or 4(f) might not be accomplished at the same time. The last sentence clarifies that an officer of the United States sued in his or her individual capacity shall have 60 days from the last event accomplishing service upon the officer as required under the Rules in which to respond to the pleading in which the claim against the officer is asserted.

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August 27, 1997

Hon. Frank W. Hunger
Assistant Attorney General
United States Department of Justice, Room 3143
Washington, D.C. 20530
by FAX: 202.514.8071

Re: Civil Rules 4, 12 — Bivens Actions

Dear Frank:

Thank you for the August 19 revised draft of the proposals to amend Civil Rules 4(i) and 12(a)(3) to take account of Bivens claims against individuals sued for acts under color of federal office or employment. I was out of the country (in the line of duty) when the draft arrived, but respond quickly now in light of the brief period remaining before we must assemble agenda materials for the October meeting of the Advisory Committee.

One chore that clearly must be undertaken is to cast the proposals in the style conventions adopted by the Style Subcommittee. Before I address that chore, however, it would help me to have clearer directions on a few matters that appear on first inspection. These questions arise primarily from Rule 4; my first reaction is that Rule 12 presents only drafting issues. So let me address Rule 4. There is no particular logic to order these questions, so I address them as they have come to mind.

First, it would help to have a nice way to state that the United States is different and deserves treatment not given to states when state and local employees are sued. Section 1983 actions provide the most obvious analogy to Bivens actions. I believe that municipal and state governments frequently provide for the defense of actions brought against individual employees for acts taken as government officials. They too have an interest in service that ensures that employees are aware of the opportunity for official assistance, that gives government lawyers time to consider the situation, and so on. How do we explain the special needs of the Department of Justice and United States Attorneys?

Second, the proposed formula looks to suits "for any act or omission under color of federal office or employment." This formula seems to derive from two different sources, and to depart from each. The cases dealing with appeal time under Appellate Rule 4(a) all follow the formula adopted in Wallace v. Chappell, 9th Cir.1981, 637 F.2d 1345, 1346-1348. This

formula uses three alternatives, the first of which is "the defendant officers were acting under color of office." (The second is "acting under color of law or lawful authority.") The cases that follow this formula also adopt footnote 6:

> "An act under color of office is an act of an officer who claims authority to do the same act by reason of his office when the office does not confer on him any such authority * * *." Black's Law Dictionary 241 (5th ed. 1979). "For an act of a government officer to be under color of office, the act must have some rational connection with his official duties." Arthur v. Fry, 300 F.Supp. 620, 622 (E.D.Tenn.1969). This phrase would cover any act by an officer which was made possible by the officer's official position, even if there is no arguable legal justification ("color of law").

This phrase does not include "employment." The other apparent source is the Federal Employees Liability Reform and Compensation Act of 1988, 28 U.S.C. § 2679, which — beginning in § 2679(b)(1) — refers to an employee "acting within the scope of his office or employment." The "scope" of employment is likely to mean something different from "color" of employment; at least on the face of it, "color of employment" is likely to include acts that are beyond the scope of employment.

My guess is that the reason for referring to "color of office or employment" is the fear that lower-ranking federal agents may seem to have no "office." But if there is some clear explanation to be offered for this phrase, it would be helpful not only as we draft but as courts are faced with implementing the proposed rule. So too, it would help to know why we should exclude "color of law" — is it too broad? And will we invite confusion when claims assert acts under color of federal law against a federal employee, and it is not clear whether they are claims for acts under color of the employment?

These questions relate to the final paragraph in the draft comment on Rule 4(i). It is asserted that experience with the somewhat different test applied in Appellate Rule 4(a) cases, and with Bivens actions in general, shows that "the overwhelming majority of complaints arising from conduct under color of federal office or employment will give some indication on their face[s] that the defendant is an officer of the United States within the meaning of the amended rule." First, the test in the proposed rule is not whether the defendant is an officer of the United States. More important, it is not clear that this will always be true. Appeal time questions arise after the case has been developed, usually to a significant extent, in the district court. Matters may be much more obscure, particularly to the plaintiff, at the time the complaint is filed and service is made. The more lurid images that come to mind involve undercover federal agents, those acting clearly beyond the scope of office but still under "color" of office, and so on. But there also may be simpler cases. And some plaintiffs may seek to avoid reliance on federal law entirely; the earliest of the Rule 4 cases cited in the draft comment, Light v. Wolf, D.C.Cir.1987, 816 F.2d 746, involved an assertion of diversity jurisdiction to advance state-law claims only. We should find better reasons for confidence on this score than we can find in experience with a differently-stated test developed for appeal-time purposes.

Third, I am somewhat nervous about the limitation to "monetary" relief. At a minimum, it must be made clear that the rule applies so long as monetary relief is demanded, even though the employee is sued also for injunctive or declaratory relief. I wonder whether it would be better to refer to a claim "asserting individual liability for any act," etc.?

In the same vein, it would help — if this is possible — to be able to provide a brief explanation of the relationship between Bivens claims, §§ 2679-2680, and any other circumstances that are likely to give rise to individual liability. Section 2679(b)(2)(B), for example, withdraws from the "exclusive remedy" provision of (b)(1) civil actions against a federal employee "for a violation of a statute of the United States under which such action against an individual is otherwise authorized." These are not Bivens actions. I am inclined to suppose that the same government interests apply to these actions as to Bivens actions, but it would be nice to have some reasoned reassurance.

Fourth, and in some ways most important, we need to find a clear means of expressing the relationship between service on the United States and service on the individual defendant. On its face, the proposed draft could easily be read to incorporate Rule 4(i)(2) as the exclusive requirement for service, so that service on the individual defendant is made only by registered or certified mail. That is how I read it. The draft Rule 12(a)(3), however, implies that individual service is still required. And I am inclined to believe that service under Rule 4(e), (f), and also (g), should be required. That also provides a direct means of invoking the Rule 4(d) waiver-of-service provisions, a matter difficult to fit within the draft without some elaboration.

I will be pleased to approach these questions by whatever means seems most efficient, either with you or by direct communication with your staff. And I am taking the liberty of sending a copy of this letter to Tom Rowe, since he is familiar with the proposal and is far more familiar than I with such matters as Bivens claims, §§ 2679-2680, and whatnot in the vicinity. I will be here most of the time, apart from the Advisory Committee meeting in Boston, through mid-September. Since the agenda commitee will meet at the end of that meeting, it would be good to know for sure that the Rules 4 and 12 proposal will be ready for the October agenda. And perhaps I should add that I am not actually hostile to the Rule 4 proposal; I express my doubts about implementation directly because that is the best way of learning.

Best regards,

EHC/lm

Edward H. Cooper

fc: Prof. Thomas D. Rowe, Jr. 919.613.7231

U. S. Department of Justice

Civil Division

Washington, D C 20530

MEMORANDUM

TO: Frank W. Hunger
Assistant Attorney General

FROM: Helene M. Goldberg
Director, Torts Branch

SUBJECT: Proposed Amendments to Civil Rules 4(i)(2) and 12(a)(3)

As you requested, we have given careful consideration to Professor Edward H. Cooper's comments regarding the proposed amendments to Federal Rules of Civil Procedure 4(i)(2) and 12(a)(3). I have the following thoughts.

First Professor Cooper points out that it would be helpful to have "a nice way to state that the United States is different and deserves treatment not given to states when state and local employees are sued." This is an excellent point, but because the Federal Rules of Civil Procedure have always allowed the United States government more favorable treatment on questions of service and response time than has been allowed the state governments, I know of no easy answer to Professor Cooper's concerns. I agree that in many respects, state and local governments have much the same interests as does the United States in obtaining notice of individual capacity lawsuits against government officers and having sufficient time to decide whether it is in the government's interest to defend them. Whatever the merit in extending more generous treatment to state government, however, the Rules' failure to treat the federal and state governments the same with respect to questions of service of process and time to respond to complaints does not justify treating federal officers differently based solely upon the nature of the relief the plaintiff seeks.[1]

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[1] There spring to mind only two potential distinctions between the federal government and state governments that might justify not extending the same service and response rules applied to the federal government to the state governments. First, individual state governments have considerably less litigation pending in the federal courts than does the federal government.

(continued...)

Professor Cooper raises a series of concerns about the phrase "color of office or employment." I agree that this phrase, inspired in part by the "scope of office or employment" language appearing in the *Westfall* Act (*see, e.g.*, 28 U.S.C. § 2679(d)(1)), is somewhat novel. At the outset, the strong possibility that "color of employment" might be broader than "scope of employment" is not troubling in this context because the proposed amendments address only service and response time issues. It is both desirable and necessary that amended Rules 4(i)(2) and 12(a)(3) apply even when the employee in question might in fact have exceeded the scope of employment. Early notice of the lawsuit and a longer response time are necessary in order that the Department of Justice has time to determine the appropriateness of governmental representation, and no where is advance notice and a longer period for evaluation as important as in the borderline cases.

Professor Cooper raises legitimate concerns that the "color of office or employment" test might present difficulty to courts called upon to interpret and apply it. Professor Cooper is correct that we inserted the "or employment" language out of concern that some federal officials sued in their individual capacities might be deemed not to have an "office" and that they might not be deemed "officers." *E.g., NeSmith v. Fulton*, 615 F.2d 196, 198 (5th Cir. 1980) (defendant held not to be officer of the United States simply by virtue of being an employee of the United States).

Professor Cooper is correct, however, that there is no precedent for the "color of * * * employment" formulation. In order to avoid the difficulties Professor Cooper has identified in the "color of office or employment" formulation, we have re-drafted the proposed amendment. Our revision now specifies that

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[1](...continued)
Presumably there is, therefore, less of an administrative burden on individual state with respect to coordinating a governmental response to lawsuits filed in federal court. Second, unlike federal agencies, state agencies do not have the burden of responding to litigation filed all across the country. For that reason, perhaps, state governments do not need the more generous notice and response time rules applied to federal agencies.

In all candor, however, I do not find these grounds to be convincing reasons for treating state governments different from the federal government on questions of service of process and time to respond to complaints. If one is of the view that, in this area, the states have substantially the same interests as does the federal government, I think the answer to Professor Cooper's concern is to treat the state governments the same as the federal government.

"employees of the United States" are among those to whom the special service rules of Rule 4(i)(2) and the 60 day response time of Rule 12(a)(3) apply. If our concern is to ensure that the dual service requirement and 60-day response time applies to "employees" as well as "officers," the more straight-forward approach is to add "employees" to the class of federal defendant described in Rules 4(i)(2) and 12(a)(3). Our former draft essentially sought to re-define "officers" in a way that would include "employees." By simply adding "employees" and deleting the "color of office or employment" formulation, we should avoid the concerns expressed by Professor Cooper about what "color of * * * employment" might be held to mean.

As now restructured, Rule 4(i)(2) sets forth the precise procedures for effecting service of process upon two classes of defendant: 1) agencies and corporations of the United States and officers of the United States sued in their official capacities; and 2) officers and employees of the United States sued in their individual capacities. This approach has the distinct advantage of making explicit within Rule 4(i)(2) the need in all cases to serve both the United States and the officer while at the same time specifying the precise manner of serving the officer depending upon the nature of the claim. If the officer is sued in an official capacity, the present requirement of effecting service upon the officer by registered or certified mail applies. If, by contrast, the officer is sued in an individual capacity, the amendment specifies that service upon the officer as an individual under subdivision (e), (f), (g) is required in addition the requirement of service upon the United States. The requirement that the officer be served by registered or certified mail would not apply to individual capacity cases because under the Rules it is not a recognized form of service upon an individual, and is needlessly redundant if applied to individual capacity claims.

As discussed above, in response to Professor Cooper's criticism, our latest revisions abandon the "color of office or employment" formulation in favor of an approach that makes explicit that amended Rules 4(i)(2) and 12(a)(3) apply to both officers and employees of the United States. Abandoning the "color of office or employment" formulation, however, leaves the problem of establishing some nexus between the lawsuit and the performance of official duties. The "color of office" test neatly solved this problem for "officers," but did not appear sufficient for purposes of covering "employees." *Cf. Fulton*, 615 F.2d at 198. A "color of law" test might solve the problem, but appears more restrictive than a "color of office" test. Therefore, we have drafted the revised proposal in terms of a "connection" test--the amendments would apply to an "officer or employee of the United States sued in an individual capacity for acts or omissions occurring *in connection with* the performance of

duties on behalf of the United States" (emphasis added). The draft advisory committee notes go on to explain that:

> [t]he test for determining whether there is sufficient nexus between the claim asserted against the officer or employee and the performance of duties on behalf of the government is similar to the test employed in 28 U.S.C. § 1442(a)(1) for the purpose of determining whether officers of the United States and persons acting under their direction may remove cases from state to federal court. *See, e.g., Magnin v. Teledyne Continental Motors*, 91 F.3d 1424, 1427-28 (11th Cir. 1996). *See also Willingham v. Morgan*, 395 U.S. 402, 409 (1969).

In sum, this approach--explicitly including "employees" among the class of defendants to whom amended Rules 4(i)(2) and 12(a)(3) would apply and use of a causal connection test in order to determine when the amendments apply--should alleviate Professor Cooper's concerns about "employees" not being "officers" and a lack of guidance to the courts in applying the amendments.

Professor Cooper also suggests that the experience of cases interpreting Appellate Rule 4(a) does not provide support for the premise that the color of office test will be effective and easy to apply under Rule 4(i) and 12(a)(3). I believe that the revisions described above and the use of the causal connection test employed in the removal context should alleviate Professor Cooper's concerns in this respect. Because removal under § 1442(a)(1) generally must occur "within 30 days after the receipt by the defendant, through service or otherwise, of a copy of the initial pleading setting forth the claim for relief upon which such action or proceeding is based," 28 U.S.C. § 1446(b), the question of whether the defendant is a federal officer entitled to remove the case is resolved relatively early in the proceedings and with little apparent difficulty.[2]

Professor Cooper's concern that "[m]atters may be much more obscure, particularly to the plaintiff, at the time the complaint is filed and service is made" seems to me largely unfounded. As

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[2] At first blush, there might seem to be some difference between the removal context and the service/response context in that removal requires the defendant to plead the basis therefore in a notice of removal. By analogy, however, if a plaintiff does not comply with either Rule 4(i)(2) or Rule 12(a)(3), the defendant could make an appropriate motion, and the record could be developed to whatever extent is necessary for the court to decide the motion. As in the removal context, the inquiry would simply be the threshold inquiry of whether there appears to be a causal connection between the defendant's performance of official duties and the litigation.

D.C. Circuit pointed out in *Light v. Wolf*, 816 F.2d 747 (D.C. Cir. 1987), "[m]ost plaintiffs know full well * * * that the action arose out of a dispute implicating the defendant's official position * * * ." *Id.* at 750. Certainly that has been our experience in defending lawsuits against government officials. As for Professor Cooper's concern about "more lurid images" such as the plaintiff who does not know that the defendant is an undercover federal agent, such cases are extraordinarily rare. Even more important, there is no definition of the term "officer or employee of the United States" that would address the problem of the plaintiff who has no idea at all that the defendant is an officer or employee of the United States and that the lawsuit in fact implicates the defendant's performance of official duties. To the extent that any of Professor Cooper's "more lurid images" might arise, a defendant who believes that Rule 4(i)(2) and Rule 12(a)(3) apply can make a motion for appropriate relief.

Professor Cooper also points out that some plaintiffs, such as the plaintiff in *Light v. Wolf*, 816 F.2d 746 (D.C. Cir. 1987), "may seek to avoid reliance on federal law entirely" such as by invoking diversity jurisdiction in order to advance state law claims. Here it is not entirely clear what is Professor Cooper's concern (in the drafts Professor Cooper reviewed, the test for application of amended Rules 4(i)(2) and 12(a)(3) was whether the defendant acted under color of federal office, not federal law). In any event, the revisions described above should alleviate any concern over a test phrased in terms of "color of office" or "color of law." As for the plaintiff who tries to plead the case in such a way as to deny even a connection between the litigation and the defendant's performance of official duties, the response is two-fold. First, where such pleadings are a sham, they usually betray themselves by providing some reference to some action the defendant took or failed to take that would implicate official duties. Second, even where the complaint does not betray itself, a defendant who has reasonable grounds to believe that the suit implicates the performance official duties can make a motion for appropriate relief.

Professor Cooper seems to read the draft amendments to include a "limitation" of the amendments to "monetary relief." The point of the amendments of course is to expand the scope of both Rule 4(i)(2) and Rule 12(a)(3) in order to *include* monetary relief, not to exclude non-monetary relief. (I note that we had redrafted this aspect of the proposal along lines suggested by Professor Tom Rowe who had expressed concern that our use of the term "damages" might suggest that the amendments were limited to *that* particular form of relief).

Our re-draft of Rule 4(i)(2) in order to specify procedures for service of process in both claims for official capacity relief and claims for individual capacity relief should alleviate

any confusion as to the amendment's scope. The same is true of our revision of the proposed amendment to Rule 12(a)(3) which similarly specifies the response time and procedures for both official capacity and individual capacity claims against federal officers and employees.

Professor Cooper suggests that it might be helpful in the proposed advisory committee notes "to * * * provide a brief explanation of the relationship between *Bivens* claims, §§ 2679-2680, and any other circumstances that are likely to give rise to individual liability." Unfortunately, Professor Cooper does not explain why he believes that this might be helpful. Our revision to the draft indicates, however, contemplates that individual capacity claims to which the rules might apply could arise from any of three sources: federal constitutional claims; federal statutory claims; and state law claims.

Finally, Professor Cooper suggests that the draft must more clearly express the relationship between service on the individual defendant and service upon the United States. Professor Cooper reads the prior draft of Rule 4(i)(2) to imply that service on the defendant officer is made only by registered or certified mail. Such a limitation was not intended. As described above, we have revised the proposal to clearly delineate the manner of service required for purposes of official capacity claims and for individual capacity claims. I believe that this revision also satisfies Professor Cooper's concern that the application of Rule 4(e), (f) and (g) to individual capacity claims be made more explicit.

PROPOSED AMENDMENT TO Fed. R. Civ. P. 4 (Revised 8/29/97):

It is proposed that Federal Rule of Civil Procedure 4(i)(2) be amended to read as follows:

(i) Service Upon the United States, and Its Agencies, Corporations, Officers, and Employees.

[text of paragraph (1) is unchanged]

(2) Service upon an agency or corporation of the United States or upon an officer of the United States sued in an official capacity shall be effected by serving the United States in the manner prescribed by paragraph (1) of this subdivision and by also sending a copy of the summons and of the complaint by registered or certified mail to the agency, corporation or officer. Service upon an officer or employee of the United States sued in an individual capacity for acts or omissions occurring in connection with the performance of duties on behalf of the United States shall be effected by serving the United States in the manner prescribed by paragraph (1) of this subdivision and by also effecting service upon the officer or employee in the manner prescribed by subdivisions (e), (f) or (g).

Comment: The purpose of the amendment is to extend the requirement of service upon the United States set forth in paragraph (1) to cases in which officers or employees of the government are sued in an individual capacity. Paragraph (2) is designed to ensure that the United States, and the Department of Justice in particular, receive prompt notice of suits in which the United States is itself a party or has an interest. Even though the monetary relief available in individual capacity suits, such as for example suits for damages brought under *Bivens v. Six Unknown Named Agents of the Fed. Bureau of Narcotics*, 403 U.S. 388 (1971), operates solely against the defendant officer's personal assets, the essence of such suits remains a challenge to the lawfulness of actions taken by a government official in the performance of duties on behalf of the government. Therefore, individual capacity suits implicate important interests of the United States in addition to the interests of the officer as an individual, and the United States routinely defends such suits on that basis. *See* 28 C.F.R. § 50.15(a).

The courts that have addressed the question of whether individual capacity suits against government officials are subject to the service requirements of paragraph (2) have reached differing results. *Compare Light v. Wolf*, 816 F.2d 746 (D.C. Cir. 1987) (holding that service upon the United States is required in individual capacity suits); *Ecclesiastical Order of the Ism of Am, Inc. v. Chasin*, 845 F.2d 113 (6th Cir. 1983)

(dicta suggesting the same), *with Armstrong v. Sears*, 33 F.3d 182 (2d Cir. 1994) (service upon the United States not required), and *Vaccaro v. Dobre*, 81 F.3d 854 (9th Cir. 1995) (same). *See also Simpkins v. District of Columbia*, 108 F.3d 366 (D.C. Cir. 1997) (holding that for purposes of individual capacity claims service upon federal officer as an individual is required and suggesting in dicta that the holding of *Light* may be limited to official capacity claims). The amendment ensures that the United States receives, through the usual means of service of process upon the United States set forth in paragraph (1), notice of individual capacity suits in which it might have an interest.

By its terms, the amendment applies to all claims against government officers sued or named as defendants in their individual capacities for conduct in connection with the performance of their duties regardless of whether the claim is based upon federal law, *see* 28 U.S.C. § 2679(b)(2) (excepting from Federal Tort Claims Act's exclusive remedy provision claims brought against federal officers or employees under the Federal Constitution or federal statute), or under state law. The test for determining whether there is sufficient nexus between the claim asserted against the officer or employee and the performance of duties on behalf of the government is essentially the test employed by courts construing 28 U.S.C. § 1442(a)(1) for the purpose of determining whether officers of the United States and persons acting under them may remove cases from state to federal court. *See, e.g., Magnin v. Teledyne Continental Motors*, 91 F.3d 1424, 1427-28 (11th Cir. 1996). *See also Willingham v. Morgan*, 395 U.S. 402, 409 (1969).

The amendment to paragraph (2) also clarifies the procedures for effecting service in cases against officers and employees of the United States. If an officer of the United States is sued in an official capacity, service upon the United States must be effected in the manner prescribed in paragraph (1) and service upon the officer must be effected by mailing a copy of the summons and of the complaint to the officer by registered or certified mail. If an officer or an employee of the United States is sued in an individual capacity in connection with the performance of their duties, service is effected by serving the United States in the manner prescribed in paragraph (1) and by serving the officer as an individual in the manner prescribed in subdivisions (e), (f) or (g). By its terms, the waiver provision of subdivision (d) applies to the requirement of service upon the officer or employee under subdivision (e) or (f).

AMENDMENT TO Fed. R. Civ. P. 12(a)(3).

It is proposed that Federal Rule of Civil Procedure 12(a)(3) be amended as follows:

> "(3) The United States, or an agency or officer thereof sued in an official capacity shall serve an answer to the complaint or to a cross-claim, or a reply to a counterclaim, within 60 days after the service upon the United States attorney of the pleading in which the claim is asserted. An officer or employee of the United States sued in an individual capacity for acts or omissions occurring in connection with the performance of duties on behalf of the United States shall serve an answer to the complaint or to a cross-claim, or a reply to a counterclaim, within 60 days from the date of service upon the officer or employee under Rule 4(e) (f) or (g), or 60 days from the date of service upon the United States attorney, whichever is later."

Comment: The amendment brings Rule 12(a)(3) into conformity with amended Rule 4(i)(2). The effect of the amendment to Rule 12(a)(3) is to ensure that federal government officers and employees sued in their individual capacities for official acts have the same 60-day response time applicable to claims against the United States, its agencies and officers generally. The 60-day response time allows the United States to determine whether it has an interest in defending the lawsuit on the officer or employee's behalf. Because the United States generally will have an interest in defending suits challenging the official actions of its officers and employees regardless of whether relief is sought from them in their official or individual capacities, the 60-day response time should be available in all such suits. Several decisions by the courts of appeals have applied the 60-day appeal time of Federal Rule of Appellate Procedure 4(a) to cases in which officers of the United States were sued in their individual capacities. *See Wallace v. Chappell*, 637 F.2d 1345, 1348 (9th Cir. 1981); *Williams v. Collins*, 728 F.2d 721, 724 (5th Cir. 1984); *Buonocore v. Harris*, 65 F.3d 347 (4th Cir. 1995). Similar to the function served by the 60-day appeal time of Appellate Rule 4(a) regarding decisions to appeal, the 60-day response time of Rule 12(a)(3) allows sufficient opportunity for the government to determine whether its institutional interests justify defending the suit on the defendant's behalf. *See* 28 C.F.R. § 50.15(a).

The last sentence of paragraph (3) reflects the possibility that in some cases the separate service requirements imposed by subdivision (i) and by subdivisions (e), (f) or (g) might not be accomplished at the same time. The last sentence clarifies that officers and employees of the United States sued in their

individual capacities for conduct in connection with the performance of their duties shall have 60 days from the last event accomplishing service upon the officer as required under the Rules in which to respond to the pleading in which the claim against the officer or employee is asserted.

U.S. Department of Justice

Civil Division

Office of the Assistant Attorney General *Washington, D.C. 20530*

Professor Edward H. Cooper
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Re: Civil Rules 4, 12 – Bivens Actions

Dear Ed:

Thank you for your letter of January 27, 1998, and the materials you drafted for consideration by the Civil Rules Advisory Committee at the March meeting.

I have reviewed the language of the proposed amendments and committee notes, with the able assistance of Helene Goldberg, John Euler, and Chuck Gross in the Torts Branch here. We are of the view that, of the suggested alternatives for the new Rule 4(i)(2)(B), the best option would be the second one. That is, we recommend language that would read as follows: "Service on an officer or employee of the United States sued in an individual capacity for acts or omissions arising out of the course of the United States office or employment shall be effected . . ."

We believe the third option ("performed in the scope of the office or employment") is problematic, in that it may beg the ultimate question. As between the other two options, either would probably serve the intended purpose. However, we have a slight preference for the middle option because it seems to include everything that would be encompassed by the first, while the reverse may not be true.

Of course, whichever version is endorsed, the identical language should be used in new Rule 12(a)(3)(B), as well as in the Committee Notes for both rules. Thus, in the second line of Rule 12(a)(3)(B) the phrase "performed in the scope of" would be replaced by "arising out of the course of" (or "occurring in connection with the performance of duties on behalf of the United States," if that version were chosen). Similarly, in the third line of the Committee Note to Rule 4, after "acts or omissions", the phrase "performed in the scope of" would be replaced by

"arising out of the course of . . ." And, finally, in the fifth line of the Committee Note to Rule 12, after "acts," the phrase "performed in the scope of" would be replaced by "arising out of the course of . . . "

These amendments should effectively accomplish what we have been trying to obtain for at least ten years – clear and reasonable rules that apply regardless of how plaintiffs choose to caption or plead their cases against federal employees.

Thank you for your work on this project. I look forward to seeing you in Durham at the meeting.

Cordially yours,

Frank W. Hunger

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Reporter's Memorandum: Copyright Procedure

Introduction

The abrogation and amendments proposed below are designed to ensure that federal courts can continue to do what they are doing now — providing effective remedies and procedures in copyright cases. As matters now stand, there is a plausible technical argument that there are no rules of procedure for copyright actions. Almost universally, federal courts ignore this potential problem and apply the Federal Rules of Civil Procedure. Beyond this general difficulty lies a more pointed problem. The prejudgment seizure provisions in the Copyright Rules of Practice, even if they apply to actions under the 1976 Copyright Act, probably are inconsistent with the Act and quite probably are unconstitutional. Here too the federal courts seem to have adapted by applying the safeguards of Civil Rule 65 procedure in ways that both satisfy constitutional requirements and provide effective protection against copyright infringements. Appropriate rule changes are more than thirty years overdue. It is time to make the rules conform to practice. Together, these changes not only will support present practice but also will ensure that the United States is meeting its international obligations to provide effective copyright remedies.

The Problems

No Procedure. Civil Rule 81(a)(1) presents the question whether there any procedural rules apply to copyright actions. It states that the Civil Rules "do not apply to * * * proceedings in copyright under Title 17, U.S.C., except in so far as they may be made applicable thereto by rules promulgated by the Supreme Court of the United States." Rule 1 of the Copyright Rules of Practice reads:

> Proceedings in actions under section 25 of the Act of March 4, 1909, entitled "An Act to amend and consolidate the acts respecting copyright", including proceedings relating to the perfecting of appeals, shall be governed by the Rules of Civil Procedure, in so far as they are not inconsistent with these rules.

The problem is that all of the 1909 Copyright Act was superseded in 1976. On the face of Civil Rule 81 and Copyright Rule 1, there is no Supreme Court rule that makes the Civil Rules applicable to proceedings in copyright under present Title 17.

Courts have mostly reacted by ignoring this seeming problem. In Kulik Photography v. Cochran, E.D.Va.1997, 975 F.Supp. 812, 813, the court noted an unpublished opinion by a magistrate judge that apparently holds the Civil Rules inapplicable in a copyright action. The court observed that many courts continue to apply the Civil Rules, and then concluded that it need not decide whether to follow the Civil Rules because in any event it could grant the defendants' motion to dismiss for lack of personal jurisdiction. Otherwise, federal courts seem to follow the sensible course of

applying the Civil Rules without further anguish. The Civil Rules nonetheless should be amended to securely establish this result.

The failure to amend Copyright Rule 1 in 1976 may reflect the obscurity of the Copyright Rules. Although it is embarrassing to have waited so long, it would be easy to adopt a technical amendment that substitutes an appropriate reference to the 1976 Act in Copyright Rule 1.

The reason for inquiring beyond this simple technical correction is revealed on examining the balance of the Copyright Rules. Rule 2, which imposed special pleading requirements, was abrogated in 1966. The remaining Rules 3 through 13 deal with one subject only — the procedure for seizing and holding, before judgment, "alleged infringing copies, records, plates, molds, matrices, etc., or other means of making the copies alleged to infringe the copyright." These rules require a bond approved by the court or commissioner, but do not appear to require any particular showing of probable success. The marshal is to retain the seized items and keep them in a secure place. The defendant has three days to object to the sufficiency of the bond. The defendant also may apply for the return of the articles seized with a supporting "affidavit stating all material facts and circumstances tending to show that the articles seized are not infringing * * *." Rule 10 provides that "the court in its discretion, after such hearing as it may direct, may order such return" if the defendant files a bond in the sum directed by the court.

Since the Copyright Rules deal only with prejudgment seizure, and have not been reviewed for many years, it seems appropriate to ask whether they continue to reflect evolving concepts and practices that have transformed the due process constraints on prejudgment remedies.

Due Process. In 1964, the Civil Rules Advisory Committee considered the Copyright Rules and published for comment a proposal to abrogate the Copyright Rules. The proposal was driven in part by a belief that all civil actions should be governed by the Civil Rules, and in part by grave doubts about the wisdom of the prejudgment seizure provisions in Rules 3 through 13. The seizure procedure:

> is rigid and virtually eliminates discretion in the court; it does not require the plaintiff to make any showing of irreparable injury as a condition of securing the interlocutory relief; nor does it require the plaintiff to give notice to the defendant of an application for impounding even when an opportunity could feasibly be provided.

Opposition was expressed by the American Bar Association and by the Ninth Circuit Judicial Conference, who apparently relied on the same advisers. The opponents expressed satisfaction with the working of the Copyright Rules. The Reporters were not swayed;

they suggested that alleged infringers were not likely to be heard in the rulemaking process. In the end, the Advisory Committee concluded that its proposals were sound, but that the final decision whether to recommend adoption should be made by the Standing Committee in light of the needs of sound relations with Congress while the process of revising the Copyright Act was going on. The Standing Committee recommended that only the special pleading requirements embodied in Rule 2 be abrogated.

For more than thirty years, the Copyright Rules of Practice have been published in U.S.C.A. with the following Advisory Committee Notes appended to each remaining rule:

> * * * The Advisory Committee has serious doubts as to the desirability of retaining Copyright Rules 3-13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure * * * toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. However, in view of the fact that Congress is considering proposals to revise the Copyright Act, the Advisory Committee has refrained from making any recommendation regarding Copyright Rules 3-13, but will keep the problem under study.

The line of contemporary decisions revising due process requirements for prejudgment remedies began soon after this paragraph was written. See *Sniadach v. Family Fin. Corp.*, 1969, 395 U.S. 337, 89 S.Ct. 1820; *Fuentes v. Shevin*, 1972, 407 U.S. 67, 92 S.Ct. 1983; *Mitchell v. W.T. Grant Co.*, 1974, 416 U.S. 600, 94 S.Ct. 1895; *North Georgia Finishing, Inc. v. Di-Chem, Inc.*, 1975, 419 U.S. 601, 95 S.Ct. 719; *Connecticut v. Doehr*, 1991, 501 U.S. 1, 111 S.Ct. 2105. These decisions do not establish a crystal-clear formula for evaluating the process required to support no-notice prejudgment remedies. But they do make it clear that the procedures established by the Copyright Rules have at best a very low chance of passing constitutional muster. It seems to be accepted that no-notice preliminary relief continues to be available on showing a strong prospect that notice will enable the opposing party to defeat the opportunity for effective relief. But it is almost certainly required that this showing be made in ex parte proceedings before a judge or magistrate judge. A mere affidavit filed with a court clerk will not do. The Copyright Rules do not approach this standard.

In addition to the due process problem, the Copyright Rules also seem inconsistent with the interim impoundment remedy established by the 1976 Copyright Act. 17 U.S.C. § 503(a) provides:

> At any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable, of all copies or phonorecords

> claimed to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

This provision gives the court discretion whether to order impoundment, and discretion to establish reasonable terms. Apart from the terms of the bond posted by the plaintiff, discretion seems to enter the Copyright Rules only at the Rule 10 stage of an order to return the seized items.

An early reaction to these difficulties was provided by Judge Harold Greene in *WPOW, Inc. v. MRLJ Enterprises*, D.D.C.1984, 584 F.Supp. 132, 134-135. Judge Greene concluded that § 503(a) makes prejudgment impoundment discretionary, and that an exercise of discretion requires "procedures which are other than summary in character." Decisions under the pre-1976 Act Copyright Rules no longer control. Instead, the normal injunction requirements of Civil Rule 65 apply. A later decision by Judge Sifton provides a strong statement that the Copyright Rules are inconsistent with § 503(a), and an equally strong suggestion that they probably are unconstitutional. *Paramount Pictures Corp. v. Doe*, E.D.N.Y.1993, 821 F.Supp. 82. The reasoning of these decisions was found persuasive in *Religious Technology Center v. Netcom On-Line Communications Servs., Inc.*, N.D.Cal.1995, 923 F.Supp. 1231, 1260-1265, where the court adopted Civil Rule 65 procedures. The doubts expressed by the WPOW and Paramount Pictures courts are reflected, without need for resolution, in *First Technology Safety Systems, Inc. v. Depinet*, 6th Cir.1993, 11 F.3d 641, 648 n. 8. *Columbia Pictures Indus. v. Jasso*, N.D.Ill.1996, 927 F.Supp. 1075, 1077, may seem to look the other way by stating that the Copyright Rules govern impoundment, but the court then proceeds through all of the appropriate steps for a court-determined temporary restraining order under Civil Rule 65. *Century Home Entertainment, Inc. v. Laser Beat, Inc.*, E.D.N.Y.1994, 859 F.Supp. 636, is similar to the Columbia Pictures decision.

If there is room for significant doubt, it is whether even the Civil Rule 65(b) temporary restraining order procedures may support no-notice seizures. The Supreme Court decisions are not as clear as could be wished. There is room to argue that even after an ex parte hearing, free use of a defendant's property can be restrained without notice only if the plaintiff's claim falls into a category that is easily proved and that gives the plaintiff some form of pre-existing interest in the property. A secured creditor can qualify, as with the vendor's lien in Mitchell v. W.T. Grant. A tort claimant does not qualify, as in Connecticut v. Doehr. A copyright owner is asserting a property interest that might, for this purpose, be found to attach to an infringing item. But the claim of infringement often will be difficult to establish. The Court emphasized the risk of error in Connecticut v. Doehr, and there is a genuine risk of error in making many claims of copyright infringement.

These doubts cannot be completely dispelled, but they can be satisfactorily met. There is strong appellate authority justifying no-notice seizure of counterfeit trademarked goods. The consensus classic decision is Matter of Vuitton et Fils S.A., 2d Cir.1979, 606 F.2d 1. Vuitton showed that it had initiated 84 counterfeit goods actions, and filed affidavits detailing experience with notices of requested restraints. The defendants regularly arranged to transfer the infringing items. The court found this showing sufficient to establish

> why notice should not be required in a case such as this one. If notice is required, that notice all too often appears to serve only to render fruitless further prosecution of the action. This is precisely contrary to the normal and intended role of "notice," and is surely not what the authors of the rule [65(b)] either anticipated or intended."

Congress reacted to continuing trademark infringement problems with the Trademark Counterfeiting Act of 1984, which establishes an elaborate temporary-restraining-order-like procedure for no-notice seizure. 15 U.S.C. § 1116(d). This procedure was explored and approved in Vuitton v. White, C.A.3d, 1991, 945 F.2d 569.

The analogy to trademark problems is bolstered by the relative frequency of proceedings that combine copyright and trademark claims. The Time Warner Entertainment case, for example, involved both copyright and trademark rights in Looney Tunes and Mighty Morphin Power Rangers figures.

The most significant question raised by the trademark analogy is whether it would be better to shape the Enabling Act response to the prospect that Congress may wish to enact a copyright analogue to the trademark statute. The attached letter from the American Intellectual Property Law Association, which otherwise supports the changes proposed below, reports a division of opinion on the desirability of supplemental legislation. Supplemental legislation indeed should be welcomed if Congress concludes that a new statute would usefully give more pointed guidance than a combination of the copyright impoundment statute, § 503(a), and Civil Rule 65(b). But there is little indication that courts have encountered any special difficulties in adapting Rule 65(b) to copyright impoundment. It seems better to supplement repeal of the Copyright Rules and amendment of Rule 81(a)(1) by a revision that expressly applies Civil Rule 65 to copyright impoundment. This revision was first proposed in 1964, and continues to make sense.

International Obligations

The TRIPS provisions of the Uruguay Round of GATT require that effective remedies be provided "against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements." Article 41(1). "Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims."

Article 42. "The judicial authorities shall have the authority to order a party to desist from an infringement * * *." Article 44(1). Provisional measures are covered in Article 50:

> 1. The judicial authorities shall have the authority to order prompt and effective provisional measures: (a) to prevent an infringement of any intellectual property right from occurring * * *; (b) to preserve relevant evidence in regard to the alleged infringement.
>
> 2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.
>
> 3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.
>
> 4. Where provisional measures have been adopted *inaudita altera parte*, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed. * * *

These procedures can be implemented fully under Civil Rule 65, and as suggested above the ex parte – inaudita altera parte – provisions seem compatible with due process requirements. Abrogating the Copyright Rules and amending Civil Rule 65 to expressly govern impoundment proceedings will help ensure that we are in compliance with TRIPS by removing the doubts surrounding current practice and provisions.

Rule 65. Injunctions

(f) Copyright impoundment. This rule applies to copyright impoundment proceedings under Title 17, U.S.C. § 503(a).

Committee Note

New subdivision (f) is added in conjunction with abrogation of the antiquated Copyright Rules of Practice adopted for proceedings under the 1909 Copyright Act. Courts have naturally turned to Rule 65 in response to the apparent inconsistency of the former Copyright Rules with the discretionary impoundment procedure adopted in 1976, 17 U.S.C. § 503(a). Rule 65 procedures also have assuaged well-founded doubts whether the Copyright Rules satisfy more contemporary requirements of due process. See, e.g., *Religious Technology Center v. Netcom On-Line Communications Servs., Inc.*, 923 F.Supp. 1231, 1260-1265 (N.D.Cal.1995); *Paramount Pictures Corp. v. Doe*, 821 F.Supp. 82 (E.D.N.Y.1993); *WPOW, Inc. v. MRLJ Enterprises*, 584 F.Supp. 132 (D.D.C.1984).

A common question has arisen from the experience that notice of a proposed impoundment may enable an infringer to defeat the court's capacity to grant effective relief. Impoundment may be ordered on an ex parte basis under subdivision (b) if the applicant makes a strong showing of the reasons why notice is likely to defeat effective relief. Such no-notice procedures are authorized in trademark infringement proceedings, see 15 U.S.C. § 1116(d), and courts have provided clear illustrations of the kinds of showings that support ex parte relief. See *Matter of Vuitton et Fils S.A.*, 606 F.2d 1 (2d Cir.1979); *Vuitton v. White*, 945 F.2d 569 (3d Cir.1991). In applying the tests for no-notice relief, the court should ask whether impoundment is necessary, or whether adequate protection can be had by a less intrusive form of no-notice relief shaped as a temporary restraining order.

Rule 81. Applicability in General

(a) To What Proceedings Applicable.

(1) These rules do not apply to prize proceedings in admiralty governed by Title 10, U.S.C., §§ 7561-7681~~.~~ or ~~They do not apply~~ to proceedings in bankruptcy ~~or to proceedings in copyright under Title 17, U.S.C., except in so far as they may be made applicable thereto by rules promulgated by the Supreme Court of the United States. They do not apply to mental health proceedings in the United States District Court for the District of Columbia~~. * * *

Committee Note

Former Copyright Rule 1 made the Civil Rules applicable to copyright proceedings except to the extent the Civil Rules were inconsistent with Copyright Rules. Abrogation of the Copyright Rules by the Order of leaves the Civil Rules fully applicable to copyright proceedings. Rule 81(a)(1) is amended to reflect this change.

The District of Columbia Court Reform and Criminal Procedure Act of 1970, Pub.L. 91-358, 84 Stat. 473, transferred mental health proceedings formerly held in the United States District Court for the District of Columbia to local District of Columbia courts. The provision applying the Civil Rules to these proceedings is deleted as superseded.

ORDER OF _____

1. That the Rules of Practice for proceedings in actions brought under section 25 of the Act of March 4, 1909, entitled "An Act to amend and consolidate the acts respecting copyright," be, and they hereby are, abrogated.

2. That the abrogation of the forementioned Rules of Practice shall take effect on December 1, ____.

3. That the Chief Justice be, and hereby is, authorized to transmit to the Congress the foregoing abrogation in accordance with the provisions of Section 2072 of Title 28, United States Code.

[Explanatory Note]

The Copyright Rules of Practice were adopted under the final, undesignated, paragraph of the Act of March 4, 1909, c. 320, § 25, 35 Stat. at 1081-1082:

§ 25 That if any person shall infringe the copyright in any work protected under the copyright laws of the United States such person shall be liable: * * *

(c) To deliver up on oath, to be impounded during the pendency of the action, upon such terms and conditions as the court may prescribe, all articles alleged to infringe a copyright; * * *

(e) * * *

Rules and regulations for practice and procedure under this section shall be prescribed by the Supreme Court of the United States.

This final paragraph of § 25 was repealed in 1948, apparently on the theory that it duplicated the general Enabling Act provisions. Act of June 25, 1948, c. 646, § 39, 62 Stat. 992, 996 & n. 31. See Historical Notes, 17 U.S.C.A., following Copyright Rule 1. It seems appropriate to rest abrogation on § 2072, for want of any other likely source of authority.

COPYRIGHT RULES APPENDIX

The following materials illuminate the Copyright Rules of Practice proposals. In order, they include:

17 U.S.C. § 503(a)(interim impoundment)

Rules of Practice, following 17 U.S.C.A. § 501

15 U.S.C. § 1116(d)(Trademark ex parte seizure)

January 30, 1997 Reporter's letter example

November 19, 1997 American Intellectual Property Law Association response (the only formal response to date)

TRIPS Part III: Enforcement of Intellectual Property Rights

Note 255

formance of music despite notice of the infringement warranted finding of continuing threat of infringement and injunction against performance of any music by members of composers society without permission from copyright owner or license from society; since owner willfully violated copyright laws, enjoining only performance of particular song sued upon would not be appropriate. Swallow Turn Music v. Wilson, E.D.Tex.1993, 831 F.Supp. 575, 28 U.S.P.Q.2d 1924.

Upon finding that club was liable for copyright infringement based on unauthorized public performance of six of plaintiffs' copyrighted songs at club, injunction barring club owners and operators from publicly performing without authorization any musical composition in the repertory of the American Society of Composers, Authors and Publishers (ASCAP) was appropriate in that threat of future infringements was substantial as indicated by fact that defendants had been unlicensed for several years and had permitted infringements despite numerous warnings from ASCAP, and defendants were unlikely to renew license at any time in near future and yet live and recorded musical entertainment was still provided at the club. Marvin Music Co. v. BHC Ltd. Partnership, D.Mass.1993, 830 F.Supp. 651, 28 U.S.P.Q.2d 1702.

256. —— Persons restrained

Copyright owners who established radio station's infringing unlicensed broadcasts of songs were entitled to injunction restraining station owner, its vice president, and all persons acting in concert with them from publicly performing, without appropriate permission, compositions in question. Unicity Music, Inc. v. Omni Communications, Inc., E.D.Ark. 1994, 844 F.Supp. 504.

257. —— Place restrictions

Where history of copyright infringer's actions, as chronicled in pleadings in copyright infringement action, exhibited tendency to ignore, from time to time, both proprietary rights of copyright holders in musical compositions and rights of copyright holders' representative, copyright infringer would be permanently restrained and enjoined from publicly performing compositions in question and from causing or permitting compositions to be publicly performed in any place owned, controlled or conducted by infringer, and from aiding or abetting public performance of such compositions in any such place or otherwise, directly or indirectly, in violation of this title. Milene Music, Inc. v. Gotauco, D.C.R.I. 1982, 551 F.Supp. 1288, 220 U.S.P.Q. 880.

§ 503. Remedies for infringement: Impounding and disposition of infringing articles

(a) At any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable, of all copies or phonorecords claimed to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

(b) As part of a final judgment or decree, the court may order the destruction or other reasonable disposition of all copies or phonorecords found to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports
1976 Acts
Notes of Committee on the Judiciary, House Report No. 94–1476

The two subsections of section 503 [this section] deal respectively with the courts' power to impound allegedly infringing articles during the time an action is pending, and to order the destruction or other disposition of articles found to be infringing. In both cases the articles affected include "all copies or phonorecords" which are claimed or found "to have been made or used in violation of the copyright owner's exclusive rights," and also "all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies of phonorecords may be reproduced." The alternative phrase "made or used" in both subsections enables a court to deal as it sees fit with articles which, though reproduced and acquired lawfully, have been used for infringing purposes such as rentals, performances, and displays.

Articles may be impounded under subsection (a) "at any time while an action under this title is pending," thus permitting seizures of articles alleged to be infringing as soon as suit has been filed and without waiting for an injunction. The same subsection empowers the court to order impounding "on such terms as it may deem reasonable." The present Supreme Court rules with respect to seizure and impounding [see Rules of Practice set out following section 501 of this title] were issued even though there is no specific provision authorizing them in the copyright statute, and there appears no need for including a special provision on the point in the bill.

Under section 101(d) of the present statute [former section 101(d) of this title], articles found to be infringing may be ordered to be delivered up for destruction. Section 503(b) of the bill [subsec. (b) of this section] would make this provision more flexible by giving the court discretion to order "destruction or other reasonable disposition" of the articles found to be infringing. Thus, as part of its final judgment or decree, the court could order the infringing articles sold, delivered to the plaintiff, or disposed of in some other way that would avoid needless waste and best serve the ends of justice.

Effective Dates

1976 Acts. Section effective Jan. 1, 1978, except as otherwise expressly provided, see section 102, of Pub.L. 94–553, set out as a note preceding section 101 of this title.

CROSS REFERENCES

Acts of infringement subject to remedies of this section—
Phonorecord making and distribution, see 17 USCA § 115.
Phonorecord or computer program copy distribution, see 17 USCA § 109.
Satellite carrier secondary transmission of superstation or network station primary transmission, see 17 USCA § 119.
Secondary transmission of primary transmission, see 17 USCA § 111.
Unauthorized fixation and trafficking in sound recordings and music videos, see 17 USCA § 1101.
Works consisting of sounds or images where first fixation is made simultaneously with its transmission though no registration has been made, see 17 USCA § 411.

LIBRARY REFERENCES

American Digest System

Infringement of copyright and remedies for infringement, see Copyrights and Intellectual Property ⇐51 et seq.

Encyclopedias

Infringement of copyright and remedies for infringement, see C.J.S. Copyrights and Intellectual Property § 40 et seq.

Forms

Forfeiture proceedings, matters pertaining to, see West's Federal Forms § 5851 et

RULES OF PRACTICE AS AMENDED

Amendments received to October 28, 1995

SCOPE OF RULES

The Rules of Practice set out hereunder were adopted by the Supreme Court of the United States to govern the procedure under section 25 of Act Mar. 4, 1909, which was incorporated in former section 101 of this title. See, now, section 501 et seq. of this title.

ADVISORY COMMITTEE NOTES

Special Copyright Rules governing certain procedures in actions under the Copyright Act were promulgated by the Supreme Court in 1909, pursuant to a limited rulemaking power conferred upon the Court by section 25(e) of the Copyright Act of 1909, 35 Stat. 1075, 1082. In 1934 the Court was granted general rulemaking power by the Rules Enabling Act, 48 Stat. 1064 (now, as amended, 28 U.S.C. § 2072 [section 2072 of Title 28, Judiciary and Judicial Procedure]). Rule 81(a)(1) of the Federal Rules of Civil Procedure [Title 28, Judiciary and Judicial Procedure], promulgated in 1938, stated that the Federal Rules of Civil Procedure should not apply to proceedings under the Copyright Act except as they might be made applicable by later rules to be promulgated by the Court. Rule 1 of the Copyright Rules was thereafter amended to state that proceedings under the Copyright Act should be governed by the Federal Rules of Civil Procedure to the extent not inconsistent with the Copyright Rules.

When the Copyright Act was codified in 1947 as Title 17 of the United States Code, section 25(e) of the Act was carried forward as 17 U.S.C. § 101(f). The Act of June 25, 1948, 62 Stat. 869, thereafter repealed § 101(f) on the ground that it was unnecessary in the light of the Rules Enabling Act.

Rule 1

Proceedings in actions brought under section 25 of the Act of March 4, 1909, entitled "An Act to amend and consolidate the acts respecting copyright", including proceedings relating to the perfecting of appeals, shall be governed by the Rules of Civil Procedure, in so far as they are not inconsistent with these rules.

(As amended June 5, 1939, eff. Sept. 1, 1939.)

HISTORICAL NOTES

References in Text

Section 25 of the Act of March 4, 1909, referred to in text, means Act Mar. 4, 1909, c. 320, § 25, 35 Stat. 1081, which was incorporated in former section 101 of this title by Act July 30, 1947, c. 391, 61 Stat. 652. Subsec. (f) of former section 101 of this title was repealed by Act June 25, 1948, c. 646, § 39, 62 Stat. 992, and its subject matter is now covered by section 2072 of Title 28, Judiciary and Judicial Procedure. The remaining provisions of former section 101 of this title were incorporated in section 501 et seq. of this title in the general revision of this title by Pub.L. 94–553, Oct. 19, 1976, 90 Stat. 2541.

The Rules of Civil Procedure, referred to in text, mean the Federal Rules of Civil

Procedure which are set out in Title 28, Judiciary and Judicial Procedure.

CROSS REFERENCES

Applicability of rules to copyright actions, see Fed.Rules Civ.Proc. Rule 81, 28 USCA.

WESTLAW ELECTRONIC RESEARCH

See WESTLAW guide following the Explanation pages of this volume.

NOTES OF DECISIONS

1. Generally

Copyright proceedings are not governed by the rules of civil procedure except insofar as those rules are made applicable by specially promulgated copyright rules. Wildlife Internationale, Inc. v. Clements, D.C.Ohio 1984, 591 F.Supp. 1542, 223 U.S.P.Q. 806.

In view of this rule, Federal Rules of Civil Procedure, Title 28, apply to copyright infringement suits. White v. Reach, D.C.N.Y.1939, 26 F.Supp. 77. See, also, Kingsway Press v. Farrell Pub. Corp., D.C.N.Y.1939, 30 F.Supp. 775.

2. Validity of rules

Neither the Supreme Court nor Congress has declared the Copyright Rules "void" and "no longer in effect"; the consensus of knowledgeable authorities is that the Rules have not been repealed. Warner Brothers Inc. v. Dae Rim Trading, Inc., C.A.2 (N.Y.) 1989, 877 F.2d 1120, 11 U.S.P.Q.2d 1272.

Although the Copyright Rules have never been explicitly abrogated by either Congress or the Supreme Court, their mandatory provisions are clearly inconsistent with the discretionary powers conferred on this Court by the Copyright Act of 1976. Paramount Pictures Corp. v. Doe, E.D.N.Y.1993, 821 F.Supp. 82, 27 U.S.P.Q.2d 1594.

The Special Copyright Rules are, with some changes, still in effect; it was disappointing to note that plaintiff's counsel suggested that the judge "ignore the Supreme Court Copyright Rules" because "it is unclear whether they are still effective or have been superseded by the general provisions of section 503." Warner Bros, Inc. v. Dae Rim Trading, Inc., S.D.N.Y.1988, 677 F.Supp. 740, 6 U.S.P.Q.2d 1423, appeal denied 877 F.2d 1120, 11 U.S.P.Q.2d 1272.

3. Amendment of pleadings

In copyright infringement suit, plaintiff's motion for leave to file amended and supplemental bill of complaint, bringing in owners of copyrights on other musical compositions, in which plaintiff enjoyed same rights as in those set forth in original bill, as additional parties plaintiff because of defendant's alleged infringements of such copyrights since filing of original bill, is governed by Federal Rules of Civil Procedure, Title 28, not former Equity Rule, though original bill was filed before effective date of Supreme Court's application of Federal Rules of Civil Procedure to copyright proceedings. Society of European Stage Authors and Composers v. WCAU Broadcasting Co., D.C.Pa. 1940, 1 F.R.D. 264.

4. Complaints

Rule 8, Federal Rules of Civil Procedure, Title 28, requiring complaint to contain a short and plain statement of the claim showing that pleader is entitled to relief is applicable to a copyright action. April Productions v. Strand Enterprises, D.C.N.Y.1948, 79 F.Supp. 515, 77 U.S.P.Q. 155.

5. Presumptions

In actions for injunction and damages for infringements of copyrights through public performances for profit of musical compositions, the plaintiffs were entitled to benefit of any presumptions which the law affords in making a prima facie case of originality of compositions involved, and such presumptions were as effective under the Federal Rules of Civil Procedure, Title 28, as they were prior thereto,

since the Federal Rules of Civil Procedure were not designed either as a complete code or for purpose of altering, especially restrictively, the rules of evidence theretofore recognized. Remick Music Corp. v. Interstate Hotel Co. of Neb., D.C.Neb.1944, 58 F.Supp. 523, affirmed 157 F.2d 744, 71 U.S.P.Q. 138, certiorari denied 67 S.Ct. 622, 329 U.S. 809, 91 L.Ed. 691, 72 U.S.P.Q. 529, rehearing denied 67 S.Ct. 769, 330 U.S. 854, 91 L.Ed. 1296, 72 U.S.P.Q. 529.

[Rule 2. Rescinded Feb. 28, 1966, eff. July 1, 1966]

ADVISORY COMMITTEE NOTES

Rule 2 of the Copyright Rules required, with certain exceptions, that copies of the allegedly infringing and infringed works accompany the complaint, presumably as annexes or exhibits. This was a special rule of pleading unsupported by any unique justification. The question of annexing copies of the works to the pleading should be dealt with like the similar question of annexing a copy of a contract sued on. The Federal Rules of Civil Procedure [Title 28, Judiciary and Judicial Procedure] permit but do not require the pleader to annex the copy. A party can readily compel the production of a copy of any relevant work if it is not already available to him. Accordingly, Copyright Rule 2 is rescinded.

WESTLAW ELECTRONIC RESEARCH

See WESTLAW guide following the Explanation pages of this volume.

Rule 3

Upon the institution of any action, suit or proceeding, or at any time thereafter, and before the entry of final judgment or decree therein, the plaintiff or complainant, or his authorized agent or attorney, may file with the clerk of any court given jurisdiction under section 34 of the Act of March 4, 1909, an affidavit stating upon the best of his knowledge, information and belief, the number and location, as near as may be, of the alleged infringing copies, records, plates, molds, matrices, etc., or other means for making the copies alleged to infringe the copyright, and the value of the same, and with such affidavit shall file with the clerk a bond executed by at least two sureties and approved by the court or a commissioner thereof.

HISTORICAL NOTES

References in Text

Section 34 of the Act of March 4, 1909, referred to in text, means Act Mar. 4, 1909, c. 320, § 34, 35 Stat. 1084, which was incorporated in former section 110 of this title by Act July 30, 1947, c. 391, 61 Stat. 652. Former section 110 of this title was repealed by Act June 25, 1948, c. 646, § 39, 62 Stat. 992, and its subject matter is now covered by section 1338 of Title 28, Judiciary and Judicial Procedure.

Change of Name

Commissioner, referred to in text, means United States commissioner which was replaced by United States magistrate pursuant to Pub.L. 90–578, Oct. 17, 1968, 82 Stat. 1118. United States magistrate appointed under section 631 of Title 28, Judiciary and Judicial Procedure, to be known as United States magistrate judge after Dec. 1, 1990, with any reference to United States magistrate or magistrate in Title 28, in any other Federal statute, etc.,

deemed a reference to United States magistrate judge appointed under section 631 of Title 28, see section 321 of Pub.L. 101–650, set out as note under section 631 of Title 28. See, also, chapter 43 (Section 631 et seq.) of Title 28.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

The Advisory Committee has serious doubts as to the desirability of retaining Copyright Rules 3–13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure [Title 28, Judiciary and Judicial Procedure] toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. However, in view of the fact that Congress is considering proposals to revise the Copyright Act, the Advisory Committee has refrained from making any recommendation regarding Copyright Rules 3–13, but will keep the problem under study.

WESTLAW ELECTRONIC RESEARCH

See WESTLAW guide following the Explanation pages of this volume.

NOTES OF DECISIONS

1. Affidavits

Affidavits filed by crash test dummy manufacturer in support of its request for ex parte order of inventory and impoundment stated to its best "knowledge, information and belief the number and location" of copies which allegedly infringed copyright, as required by copyright rules, where complaint identified location of alleged infringer's principal place of business, and order of seizure was directed to that location and that location was sole place searched. First Technology Safety Systems, Inc. v. Depinet, C.A.6 (Ohio) 1993, 11 F.3d 641, 29 U.S.P.Q.2d 1269.

Order authorizing immediate seizure from defendants of all video cassettes infringing plaintiff's copyrights and all devices for such copying was not improper on theory plaintiff did not clearly state what tapes were owned by them. Century Home Entertainment, Inc. v. Laser Beat, Inc., E.D.N.Y.1994, 859 F.Supp. 636, 30 U.S.P.Q.2d 1811.

2. Waiver

In copyright infringement action in which a defense motion was made to quash previously issued writs of seizure, record established that movants, due to the absence of timely objection, waived this rule's requirements that a bond be executed by at least two sureties and that such a bond be conditioned on the payment to defendant of any damages which the court may award him against the complainant. Jondora Music Pub. Co. v. Melody Recording, Inc., D.C.N.J.1973, 362 F.Supp. 494, 179 U.S.P.Q. 542, vacated on other grounds 506 F.2d 392, 184 U.S.P.Q. 326, certiorari denied 95 S.Ct. 2417, 421 U.S. 1012, 44 L.Ed.2d 680, 186 U.S.P.Q. 73.

Rule 4

Such bond shall bind the sureties in a specified sum, to be fixed by the court, but not less than twice the reasonable value of such infringing copies, plates, records, molds, matrices, or other means

for making such infringing copies, and be conditioned for the prompt prosecution of the action, suit or proceeding; for the return of said articles to the defendant, if they or any of them are adjudged not to be infringements, or if the action abates, or is discontinued before they are returned to the defendant; and for the payment to the defendant of any damages which the court may award to him against the plaintiff or complainant. Upon the filing of said affidavit and bond, and the approval of said bond, the clerk shall issue a writ directed to the marshal of the district where the said infringing copies, plates, records, molds, matrices, etc., or other means of making such infringing copies shall be stated in said affidavit to be located, and generally to any marshal of the United States, directing the said marshal to forthwith seize and hold the same subject to the order of the court issuing said writ, or of the court of the district in which the seizure shall be made.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

The Advisory Committee has serious doubts as to the desirability of retaining Copyright Rules 3–13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure [Title 28, Judiciary and Judicial Procedure] toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. However, in view of the fact that Congress is considering proposals to revise the Copyright Act, the Advisory Committee has refrained from making any recommendation regarding Copyright Rules 3–13, but will keep the problem under study.

WESTLAW ELECTRONIC RESEARCH

See WESTLAW guide following the Explanation pages of this volume.

NOTES OF DECISIONS

1. Constitutionality

Whether compliance with the Copyright Rules is a sufficient basis on which to justify an ex parte order of impoundment is a matter of some debate; some courts have held that compliance with Copyright Rules is constitutionally insuffi-

cient and require a plaintiff to meet burdens imposed by Federal Rules of Civil Procedure. First Technology Safety Systems, Inc. v. Depinet, C.A.6 (Ohio) 1993, 11 F.3d 641, 29 U.S.P.Q.2d 1269.

Provisions and procedures of these rules relating to writs of seizure are constitutional. Jondora Music Pub. Co. v. Melody Recording, Inc., D.C.N.J.1973, 362 F.Supp. 494, 179 U.S.P.Q. 542, vacated on other grounds 506 F.2d 392, 184 U.S.P.Q. 326, certiorari denied 95 S.Ct. 2417, 421 U.S. 1012, 44 L.Ed.2d 680, 186 U.S.P.Q. 73.

2. Construction with Copyright Act

Mandatory provisions of the Copyright Rules, with respect to impoundment of infringing materials, are inconsistent with discretionary powers conferred on the courts by the Copyright Act, and compliance with Rules is not sufficient basis on which to justify ex parte impoundment. Paramount Pictures Corp. v. Doe, E.D.N.Y.1993, 821 F.Supp. 82, 27 U.S.P.Q.2d 1594.

3. Injunctions compared

Although the Rules of Practice for Copyright cases are arguably still in effect, many courts dealing with similar motions for impoundment have required plaintiffs to meet the normal preliminary injunction standards. VanDeurzen and Associates, P.A. v. Sanders, D.Kan.1991, 21 U.S.P.Q.2d 1480.

4. Bonds

District court's finding that $2,000 was sufficient bond for seizure of articles which allegedly infringed upon crash test dummy manufacturer's copyright was not clearly erroneous, even though alleged infringer alleged that value of information contained in records seized was $2.2 million, as copyright rules were only relevant to seizure of infringing goods, and thus information contained in seized business records was irrelevant in setting bond amount. First Technology Safety Systems, Inc. v. Depinet, C.A.6 (Ohio) 1993, 11 F.3d 641, 29 U.S.P.Q.2d 1269.

5. Writs of seizure—Generally

Where a defendant furnished to its customers for their use copies of a directory published by it, which infringed complainant's copyright, but retained title with the right to recall the books on demand, complainant was not entitled to a writ of seizure under this rule to take the books from the bailees, but required to enforce its right to their destruction through an order requiring defendant to recall the same. Jewelers' Circular Pub. Co. v. Keystone Pub. Co., D.C.N.Y.1921, 274 F. 932, affirmed 281 F. 83, certiorari denied 42 S.Ct. 464, 259 U.S. 581, 66 L.Ed. 1074.

6. —— Fourth Amendment considerations

Assuming arguendo that U.S.C.A. Const. Amend. 4 was applicable to the seizure of the duplicating material of defendants, against whom music publishing companies brought an action for infringement of their respective copyrighted musical works by the unauthorized manufacture and sale of tape recordings serving to reproduce the same mechanically, the writs of seizure issued as a judicial process following presentation to a "neutral magistrate" of the supporting affidavits, thus vitiating defendants' claim that a violation of U.S.C.A. Const. Amend. 4 arose from the seizure. Jondora Music Pub. Co. v. Melody Recordings, Inc., D.C.N.J.1973, 362 F.Supp. 494, 179 U.S.P.Q. 542, vacated on other grounds 506 F.2d 392, 184 U.S.P.Q. 326, certiorari denied 95 S.Ct. 2417, 421 U.S. 1012, 44 L.Ed.2d 680, 186 U.S.P.Q. 73.

7. —— Notice

District court's issuance of ex parte order of inventory and impoundment and subsequent refusal to vacate that order in copyright infringement action was abuse of discretion, where crash test dummy manufacturer failed to demonstrate why notice should not have been required. First Technology Safety Systems, Inc. v. Depinet, C.A.6 (Ohio) 1993, 11 F.3d 641, 29 U.S.P.Q.2d 1269.

8. —— Vacation of writs

Plaintiffs in copyright infringement action, by their misstatements, practiced a fraud on the court on their ex parte application for a writ of seizure, and order would be entered vacating the writ of seizure and dissolving the injunction that the court had issued. Jondora Music Publishing Co. v. Melody Recordings, Inc., D.C.N.J.1972, 351 F.Supp. 572, 176 U.S.P.Q. 110.

9. Articles subject to seizure—Generally

A district court has no discretion to determine what to impound or what to destroy on complaint by copyright propri-

etor that right is being infringed; the process Congress granted the agreed copyright proprietor is a summary one and it is duty of the court to impound everything the proprietor alleges infringes his copyright. Duchess Music Corp. v. Stern, C.A.9 (Ariz.) 1972, 458 F.2d 1305, 173 U.S.P.Q. 278, certiorari denied by 93 S.Ct. 52, 409 U.S. 847, 34 L.Ed.2d 88, 175 U.S.P.Q. 385.

10. —— Devices and means for making copies

Ex parte order of inventory and impoundment which permitted crash test dummy manufacturer who sued competitor for copyright infringement to seize allegedly infringing computer software and various business records, was too broad to fall within statutory authorization for seizure of items which allegedly infringed upon copyright, where seized business records were not alleged to have infringed on manufacturer's copyrights and were not means by which infringing goods could be copied; seizure was not meant to be means for preserving evidence generally. First Technology Safety Systems Inc. v. Depinet, C.A.6 (Ohio) 1993, 11 F.3d 641, 29 U.S.P.Q.2d 1269.

Items which may be impounded on complaint of a copyright proprietor are not limited to general class of plates, molds, and matrices, that is, to items embodying an identifiable impression of the copyrighted work alone, but includes devices and means for making the alleged infringing copies. Duchess Music Corp. v. Stern, C.A.9 (Ariz.) 1972, 458 F.2d 1305, 173 U.S.P.Q. 278, certiorari denied by 93 S.Ct. 52, 409 U.S. 847, 34 L.Ed.2d 88, 178 U.S.P.Q. 385.

Rule 5

The marshal shall thereupon seize said articles or any smaller or larger part thereof he may then or thereafter find, using such force as may be reasonably necessary in the premises, and serve on the defendant a copy of the affidavit, writ, and bond by delivering the same to him personally, if he can be found within the district, or if he can not be found, to his agent, if any, or to the person from whose possession the articles are taken, or if the owner, agent, or such person can not be found within the district, by leaving said copy at the usual place of abode of such owner or agent, with a person of suitable age and discretion, or at the place where said articles are found, and shall make immediate return of such seizure, or attempted seizure, to the court. He shall also attach to said articles a tag or label stating the fact of such seizure and warning all persons from in any manner interfering therewith.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

The Advisory Committee has serious doubts as to the desirability of retaining Copyright Rules 3–13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure [Title 28, Judiciary and Judicial Procedure] toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. However, in view of the fact that Congress is considering proposals to revise the Copyright Act,

the Advisory Committee has refrained from making any recommendation regarding Copyright Rules 3–13, but will keep the problem under study.

WESTLAW ELECTRONIC RESEARCH

See WESTLAW guide following the Explanation pages of this volume.

NOTES OF DECISIONS

1. **Persons entitled to seize articles—Generally**

Search and seizure of allegedly infringing merchandise was properly conducted by a United States Marshal or other law enforcement officer, not by copyright owner's attorneys and their agents; "discovery" of alleged infringers' documents and records without notice was not authorized by copyright law or federal rules of civil procedure. Warner Bros. Inc. v. Dae Rim Trading, Inc., C.A.2 (N.Y.) 1989, 877 F.2d 1120, 11 U.S.P.Q.2d 1272.

2. **—— Private persons**

Copyright Act's impoundment provisions for infringing goods did not authorize court to direct private person employed by copyright owner's attorney to search alleged infringer's premises, seize specified materials and deliver them to attorney as well as all books, records, correspondence or other documents related to allegedly infringing materials or which could provide information in respecting vendors or purchasers of materials. Warner Bros. Inc. v. Dae Rim Trading Inc., C.A.2 (N.Y.) 1989, 877 F.2d 1120, 11 U.S.P.Q.2d 1272.

3. **Service of affidavit, writ, and bond**

District court corrected any problem that might have been caused in copyright infringement action by crash test dummy manufacturer's failure to serve copy of bond supporting inventory and impoundment order on competitor alleged to have competed unfairly, where it ordered manufacturer to submit copy of bond to competitor. First Technology Safety Systems, Inc. v. Depinet, C.A.6. (Ohio) 1993, 11 F.3d 641, 29 U.S.P.Q.2d 1269.

Rule 6

A marshal who has seized alleged infringing articles, shall retain them in his possession, keeping them in a secure place, subject to the order of the court.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

The Advisory Committee has serious doubts as to the desirability of retaining Copyright Rules 3–13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure [Title 28, Judiciary and Judicial Procedure] toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. However, in view of the fact that Congress is considering proposals to revise the Copyright Act, the Advisory Committee has refrained from making any recommendation regarding Copyright Rules 3–13, but will keep the problem under study.

WESTLAW ELECTRONIC RESEARCH

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NOTES OF DECISIONS

1. Persons entitled to retain items

District court did not abuse its discretion in copyright infringement action brought by crash test dummy manufacturer when it allowed law firm to hold items seized by manufacturer pursuant to ex parte order of inventory and impoundment in trust for court, where order authorized law firm to hold items in trust for court, because marshals lacked space to store items. First Technology Safety Systems, Inc. v. Depinet, C.A.6 (Ohio) 1993, 11 F.3d 641, 29 U.S.P.Q.2d 1269.

Rule 7

Within three days after the articles are seized, and a copy of the affidavit, writ and bond are served as hereinbefore provided, the defendant shall serve upon the clerk a notice that he excepts to the amount of the penalty of the bond, or to the sureties of the plaintiff or complainant, or both, otherwise he shall be deemed to have waived all objection to the amount of the penalty of the bond and the sufficiency of the sureties thereon. If the court sustain the exceptions it may order a new bond to be executed by the plaintiff or complainant, or in default thereof within a time to be named by the court, the property to be returned to the defendant.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

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NOTES OF DECISIONS

Remedies within rule 1

1. Remedies within rule

Where an alleged infringing article is seized and the defendant afterwards asks that the complainant's bond be increased under rule 7 of these rules, he is not in a position to complain of the seizure, or demand a return of the alleged infringing articles, but his remedy is to defeat the complainant on a trial on the merits. Universal Film Mfg. Co. v. Copperman, D.C.N.Y.1913, 206 F. 69.

Rule 8

Within ten days after service of such notice, the attorney of the plaintiff or complainant shall serve upon the defendant or his attorney a notice of the justification of the sureties, and said sureties shall justify before the court or a judge thereof at the time therein stated.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

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Rule 9

The defendant, if he does not except to the amount of the penalty of the bond or the sufficiency of the sureties of the plaintiff or complainant, may make application to the court for the return to him of the articles seized, upon filing an affidavit stating all material facts and circumstances tending to show that the articles seized are not infringing copies, records, plates, molds, matrices, or means for making the copies alleged to infringe the copyright.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13

supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

The Advisory Committee has serious doubts as to the desirability of retaining Copyright Rules 3–13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure [Title 28, Judiciary and Judicial Procedure] toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. However, in view of the fact that Congress is considering proposals to revise the Copyright Act, the Advisory Committee has refrained from making any recommendation regarding Copyright Rules 3–13, but will keep the problem under study.

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NOTES OF DECISIONS

1. Affidavits

The court cannot entertain a motion for an order to show cause why articles impounded as alleged infringements of a copyright should not be returned, unless a showing is made by affidavit that the articles seized are not infringing copies. Crown Feature Film Co. v. Bettis Amusement Co., D.C.Ohio, 1913, 206 F. 362.

Rule 10

Thereupon the court in its discretion, and after such hearing as it may direct, may order such return upon the filing by the defendant of a bond executed by at least two sureties, binding them in a specified sum to be fixed in the discretion of the court, and conditioned for the delivery of said specified articles to abide the order of the court. The plaintiff or complainant may require such sureties to justify within ten days of the filing of such bond.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

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NOTES OF DECISIONS

Discretion of court 1

1. Discretion of court

If articles seized on complaint of copyright proprietor are infringing copies or infringing means, the district court has no discretion to return them. Duchess Music Corp. v. Stern, C.A.9(Ariz.) 1972, 458 F.2d 1305, 173 U.S.P.Q. 278, certiorari denied 93 S.Ct. 52, 409 U.S. 847, 34 L.Ed.2d 88, 175 U.S.P.Q. 385.

Rule 11

Upon the granting of such application and the justification of the sureties on the bond, the marshal shall immediately deliver the articles seized to the defendant.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

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Rule 12

Any service required to be performed by any marshal may be performed by any deputy of such marshal.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

The Advisory Committee has serious doubts as to the desirability of retaining

Copyright Rules 3–13 for they appear to be out of keeping with the general attitude of the Federal Rules of Civil Procedure [Title 28, Judiciary and Judicial Procedure] toward remedies anticipating decision on the merits, and objectionable for their failure to require notice or a showing of irreparable injury to the same extent as is customarily required for threshold injunctive relief. However, in view of the fact that Congress is considering proposals to revise the Copyright Act, the Advisory Committee has refrained from making any recommendation regarding Copyright Rules 3–13, but will keep the problem under study.

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Rule 13

For services in cases arising under this section the marshal shall be entitled to the same fees as are allowed for similar services in other cases.

ADVISORY COMMITTEE NOTES

The Copyright Act contains a general provision (17 U.S.C. § 101(c) [former section 101(c) of this title]) authorizing "impounding" during the pendency of an infringement action. [See, now, section 503 of this title.] Copyright Rules 3–13 supplement the statute by setting out a detailed procedure available during the action for the seizing and impounding under bond, and also for the releasing under bond, of copies of works alleged to infringe copyright, as well as plates, matrices, and other means of making infringing copies.

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CROSS REFERENCES

Collection of fees by marshal, see 28 USCA § 567.
Marshal's fees, see 28 USCA § 1921.

WESTLAW ELECTRONIC RESEARCH

See WESTLAW guide following the Explanation pages of this volume.

(8) An order under this subsection, together with the supporting documents, shall be sealed until the person against whom the order is directed has an opportunity to contest such order, except that any person against whom such order is issued shall have access to such order and supporting documents after the seizure has been carried out.

(9) The court shall order that service of a copy of the order under this subsection shall be made by a Federal law enforcement officer (such as a United States marshal or an officer or agent of the United States Customs Service, Secret Service, Federal Bureau of Investigation, or Post Office) or may be made by a State or local law enforcement officer, who, upon making service, shall carry out the seizure under the order. The court shall issue orders, when appropriate, to protect the defendant from undue damage from the disclosure of trade secrets or other confidential information during the course of the seizure, including, when appropriate, orders restricting the access of the applicant (or any agent or employee of the applicant) to such secrets or information.

(10)(A) The court shall hold a hearing, unless waived by all the parties, on the date set by the court in the order of seizure. That date shall be not sooner than ten days after the order is issued and not later than fifteen days after the order is issued, unless the applicant for the order shows good cause for another date or unless the party against whom such order is directed consents to another date for such hearing. At such hearing the party obtaining the order shall have the burden to prove that the facts supporting findings of fact and conclusions of law necessary to support such order are still in effect. If that party fails to meet that burden, the seizure order shall be dissolved or modified appropriately.

(B) In connection with a hearing under this paragraph, the court may make such orders modifying the time limits for discovery under the Rules of Civil Procedure as may be necessary to prevent the frustration of the purposes of such hearing.

(11) A person who suffers damage by reason of a wrongful seizure under this subsection has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the seizure was sought in bad faith, and, unless the court finds extenuating circumstances, to recover a reasonable attorney's fee. The court in its discretion may award prejudgment interest on relief recovered under this paragraph, at an annual interest rate established under section 6621 of Title 26, commencing on the date of service of the claimant's pleading setting forth the claim under this paragraph and ending on the date such recovery is granted, or for such shorter time as the court deems appropriate.

(July 5, 1946, c. 540, Title VI, § 34, 60 Stat. 439; Jan. 2, 1975, Pub. L. 93-596, § 1, 88 Stat. 1949; Oct. 12, 1984, Pub.L. 98-473, Title II, § 1503(1), 98 Stat. 2179; Oct. 22, 1986, Pub.L. 99-514, § 2, 100 Stat. 2095; Nov. 16, 1988, Pub.L. 100-667, Title I, § 128(c) to (e), 102 Stat. 3945; July 2, 1996, Pub.L. 104-153, § 6, 110 Stat. 1388.)

HISTORICAL AND STATUTORY NOTES

Revision Notes and Legislative Reports

1946 Acts. Senate Report No. 1333, see 1946 U.S. Code Cong. Service, p. 1274.

1975 Acts. Senate Report No. 93-1399, see 1974 U.S. Code Cong. and Adm. News, p. 7113.

1984 Acts. House Report No. 98-1030 and House Conference Report No. 98-1159, see 1984 U.S. Code Cong. and Adm. News, p. 3182.

1986 Acts. House Conference Report No. 99-841 and Statement by President, see 1986 U.S. Code Cong. and Adm. News, p. 4075.

1988 Acts. Senate Report No. 100-515 and House Report No. 100-887(Parts I and II), see 1988 U.S. Code Cong. and Adm. News, p. 5577.

1996 Acts. House Report No. 104-556, see 1996 U.S. Code Cong. and Adm. News, p. 1074.

References in Text

The Rules of Civil Procedure, referred to in subsec. (d)(10)(B), probably means the Federal Rules of Civil Procedure, which are set out in The Appendix to Title 28, Judiciary and Judicial Procedure.

Amendments

1996 Amendments. Subsec. (d)(9). Pub.L. 104-153, § 6, qualified reference to a Federal law enforcement officer as an officer or agent of the United States Customs Service, Secret Service, Federal Bureau of Investigation, or Post Office and authorized service by a State or local law enforcement officer.

1988 Amendments. Subsec. (a). Pub.L. 100-667, § 128(c), inserted "or to prevent a violation under section 1125(a) of this title" after "Office" in first sentence.

Subsec. (c). Pub.L. 100-667, § 128(d), substituted "proceeding involving a mark registered" for "proceeding arising", and "judgment is entered or an appeal is taken" for "decision is rendered, appeal taken or a decree issued".

Subsec. (d)(1)(B). Pub.L. 100-667, § 128(e), inserted "on or" following "or designation used" in concluding provisions.

1986 Amendments. Subsec. (d)(11). Pub.L. 99-514 substituted "Internal Revenue Code of 1986" for "Internal Revenue Code of 1954", which for purposes of codification was translated as "title 26" thus requiring no change in text.

1984 Amendments. Pub. L. 98-473 designated first, second, and third undesignated pars. as subsecs. (a), (b), and (c), respectively and added subsec. (d).

1975 Amendments. Pub.L. 93-596 substituted "Patent and Trademark Office" for "Patent Office".

Effective Dates

1988 Acts. Amendment by Pub.L. 100-667 effective one year after Nov. 16, 1988, see section 136 of Pub.L. 100-667, set out as a note under section 1051 of this title.

1975 Acts. Amendment by Pub.L. 93-596 effective Jan. 2, 1975, see section 4 of Pub.L. 93-596, set out as a note under section 1111 of this title.

Transfer of Functions

For transfer of functions of other officers, employees, and agencies of the Department of Commerce, with certain exceptions, to the Secretary of Commerce, with power to delegate, see Reorg. Plan No. 5 of 1950, §§ 1, 2, eff. May 24, 1950, 15 F.R. 3174, 64 Stat. 1263, set out in the Appendix to Title 5, Government Organization and Employees.

Repeal and Effect on Existing Rights

Repeal of inconsistent provisions, effect of this chapter on pending proceedings

making such marks, and records documenting the manufacture, sale, or receipt of things involved in such violation.

(B) As used in this subsection the term "counterfeit mark" means—

(i) a counterfeit of a mark that is registered on the principal register in the United States Patent and Trademark Office for such goods or services sold, offered for sale, or distributed and that is in use, whether or not the person against whom relief is sought knew such mark was so registered; or

(ii) a spurious designation that is identical with, or substantially indistinguishable from, a designation as to which the remedies of this chapter are made available by reason of section 380 of Title 36;

but such term does not include any mark or designation used on or in connection with goods or services of which the manufacture or producer was, at the time of the manufacture or production in question authorized to use the mark or designation for the type of goods or services so manufactured or produced, by the holder of the right to use such mark or designation.

(2) The court shall not receive an application under this subsection unless the applicant has given such notice of the application as is reasonable under the circumstances to the United States attorney for the judicial district in which such order is sought. Such attorney may participate in the proceedings arising under such application if such proceedings may affect evidence of an offense against the United States. The court may deny such application if the court determines that the public interest in a potential prosecution so requires.

(3) The application for an order under this subsection shall—

(A) be based on an affidavit or the verified complaint establishing facts sufficient to support the findings of fact and conclusions of law required for such order; and

(B) contain the additional information required by paragraph (5) of this subsection to be set forth in such order.

(4) The court shall not grant such an application unless—

(A) the person obtaining an order under this subsection provides the security determined adequate by the court for the payment of such damages as any person may be entitled to recover as a result of a wrongful seizure or wrongful attempted seizure under this subsection; and

(B) the court finds that it clearly appears from specific facts that—

(i) an order other than an ex parte seizure order is not adequate to achieve the purposes of section 1114 of this title;

(ii) the applicant has not publicized the requested seizure;

(iii) the applicant is likely to succeed in showing that the person against whom seizure would be ordered used a counterfeit mark in connection with the sale, offering for sale, or distribution of goods or services;

(iv) an immediate and irreparable injury will occur if such seizure is not ordered;

(v) the matter to be seized will be located at the place identified in the application;

(vi) the harm to the applicant of denying the application outweighs the harm to the legitimate interests of the person against whom seizure would be ordered of granting the application; and

(vii) the person against whom seizure would be ordered, or persons acting in concert with such person, would destroy, move, hide, or otherwise make such matter inaccessible to the court, if the applicant were to proceed on notice to such person.

(5) An order under this subsection shall set forth—

(A) the findings of fact and conclusions of law required for the order;

(B) a particular description of the matter to be seized, and a description of each place at which such matter is to be seized;

(C) the time period, which shall end not later than seven days after the date on which such order is issued, during which the seizure is to be made;

(D) the amount of security required to be provided under this subsection; and

(E) a date for the hearing required under paragraph (10) of this subsection.

(6) The court shall take appropriate action to protect the person against whom an order under this subsection is directed from publicity, by or at the behest of the plaintiff, about such order and any seizure under such order.

(7) Any materials seized under this subsection shall be taken into the custody of the court. The court shall enter an appropriate protective order with respect to discovery by the applicant of any records that have been seized. The protective order shall provide for appropriate procedures to assure that confidential information contained in such records is not improperly disclosed to the applicant.

(8) An order under this subsection, together with the supporting documents, shall be sealed until the person against whom the order is directed has an opportunity to contest such order, except that any person against whom such order is issued shall have access to such order and supporting documents after the seizure has been carried out.

(9) The court shall order that service of a copy of the order under this subsection shall be made by a Federal law enforcement officer (such as a United States marshal or an officer or agent of the United States Customs Service, Secret Service, Federal Bureau of Investigation, or Post Office) or may be made by a State or local law enforcement officer, who, upon making service, shall carry out the seizure under the order. The court shall issue orders, when appropriate, to protect the defendant from undue damage from the disclosure of trade secrets or other confidential information during the course of the seizure, including, when appropriate, orders restricting the access of the applicant (or any agent or employee of the applicant) to such secrets or information.

(10)(A) The court shall hold a hearing, unless waived by all the parties, on the date set by the court in the order of seizure. That date shall be not sooner than ten days after the order is issued and not later than fifteen days after the order is issued, unless the applicant for the order shows good cause for another date or unless the party against whom such order is directed consents to another date for such hearing. At such hearing the party obtaining the order shall have the burden to prove that the facts supporting findings of fact and conclusions of law necessary to support such order are still in effect. If that party fails to meet that burden, the seizure order shall be dissolved or modified appropriately.

(B) In connection with a hearing under this paragraph, the court may make such orders modifying the time limits for discovery under the Rules of Civil Procedure as may be necessary to prevent the frustration of the purposes of such hearing.

(11) A person who suffers damage by reason of a wrongful seizure under this subsection has a cause of action against the applicant for the order under which such seizure was made, and shall be entitled to recover such relief as may be appropriate, including damages for lost profits, cost of materials, loss of good will, and punitive damages in instances where the seizure was sought in bad faith, and, unless the court finds extenuating circumstances, to recover a reasonable attorney's fee. The court in its discretion may award prejudgment interest on relief recovered under this paragraph, at an annual interest rate established under section 6621 of Title 26, commencing on the date of service of the claimant's pleading setting forth the claim under this paragraph and ending on the date such recovery is granted, or for such shorter time as the court deems appropriate.

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Subsec. (c). Pub.L. 100-667, § 128(d), substituted "proceeding involving a mark registered" for "proceeding arising", and "judgment is entered or an appeal is taken" for "decision is rendered, appeal taken or a decree issued".

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1975 Amendments. Pub.L. 93-596 substituted "Patent and Trademark Office" for "Patent Office".

Effective Dates

1988 Acts. Amendment by Pub.L. 100-667 effective one year after Nov. 16, 1988, see section 136 of Pub.L. 100-667, set out as a note under section 1051 of this title.

1975 Acts. Amendment by Pub.L. 93-596 effective Jan. 2, 1975, see section 4 of Pub.L. 93-596, set out as a note under section 1111 of this title.

Transfer of Functions

For transfer of functions of other officers, employees, and agencies of the Department of Commerce, with certain exceptions, to the Secretary of Commerce, with power to delegate, see Reorg. Plan No. 5 of 1950, §§ 1, 2, eff. May 24, 1950, 15 F.R. 3174, 64 Stat. 1263, set out in the Appendix to Title 5, Government Organization and Employees.

Repeal and Effect on Existing Rights

Repeal of inconsistent provisions, effect of this chapter on pending proceedings

COMMITTEE ON RULES OF PRACTICE AND PROCEDURE
OF THE
JUDICIAL CONFERENCE OF THE UNITED STATES
WASHINGTON, D.C. 20544

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January 30, 1997

Andrea Grefe
Los Angeles Copyright Society
Cooper, Epstein and Hurewitz
345 N. Maple Drive
No. 200
Beverly Hills, California 90210

Dear Ms. Grefe :

I am writing as Reporter of the United States Judicial Conference Advisory Committee on the Federal Rules of Civil Procedure. I hope to elicit your help in considering the Rules of Practice for copyright cases. We also would welcome your help in suggesting other persons or groups who may be able to offer advice. It is particularly important to identify those who can advance the perspective of defendants charged with copyright infringement, since it has proved easier to identify copyright proprietors' groups than any corresponding group of "users."

Let me focus the balance of the discussion by sketching the proposal that comes first to mind. This proposal would do three things: (1) repeal the Rules of Practice for copyright cases; (2) make the Federal Rules of Civil Procedure fully applicable to copyright cases by repealing the provision of Civil Rule 81(a)(1) that makes the Civil Rules depend on the Rules of Practice; and (3) add a new subdivision (f) to Civil Rule 65. adapting to copyright impoundment proceedings the general interlocutory procedures that apply to temporary restraining orders and preliminary injunctions. All of this made sense to the Advisory Committee more than 30 years ago. What I hope to learn is whether it still makes sense today, or whether a different — or even a radically different — approach should be taken.

The simplest issue posed by the Rules of Practice arises from the failure to conform Rule 1 to the 1976 Copyright Act. Rule 1 continues to provide rules for "[p]roceedings in actions brought under section 25 of the Act of March 4, 1909 * * *." Such proceedings are governed by the "[Federal] Rules of Civil Procedure, in so far as they are not inconsistent with these rules." In this continuing form, Rule 1 does not speak at all to procedure under the 1976 Act. This lapse is aggravated by Civil Rule 81(a)(1), which provides that the Federal Rules of Civil Procedure "do not apply to * * * proceedings in copyright under Title 17, U.S.C., except in so far as they may be made applicable thereto by rules promulgated by the Supreme Court of the United States." On a literal reading of present rules, there are no rules of procedure for copyright actions. Rule 1 does not make the Civil Rules applicable to proceedings under the 1976 Act, and Rule 81(a)(1) says that the Civil Rules therefore do not apply.

If this were the only question, it would be easy to redraft Copyright Rule 1 to govern proceedings under the 1976 Act. Practice has somehow managed to incorporate the Civil Rules for the last 20 years despite the apparent prohibition of the rules, and there is little evidence of widespread confusion or difficulty.

Review of the Copyright Rules raises the question whether more thorough revision is required. This is the question on which the Advisory Committee wishes expert advice. The history of earlier Advisory Committee consideration helps to frame the issues.

In 1964, the Advisory Committee considered the Copyright Rules. It successfully recommended abrogation of former Copyright Rule 2, which imposed special pleading standards on copyright cases. The Committee believed that there was no need for special copyright pleading standards, and that the general notice pleading procedures applied in other civil actions should prevail.

The 1964 Advisory Committee also concluded that all of the other Copyright Rules should be abrogated. It was driven by two concerns. One concern arose from the general preference for a single system of civil procedure. On this view, all civil actions should be governed by a single uniform procedural system unless good reason can be found for separate rules.

A second concern was directed to the content of Copyright Rules 3 through 13. These rules — and there are no other Copyright Rules — govern impounding procedure. Even in 1964, the Advisory Committee believed that these procedures were inconsistent with emerging due process standards. There is no provision for pre-impounding notice to the defendant, and no provision for consideration by a judicial officer of the probable

merit of the impounding demand. The Committee proposed that abrogation of the Copyright Rules be accompanied by adoption of a new subdivision (f) in Civil Rule 65. Updating the reference to Title 17, the proposed Rule 65(f) would read: "This rule applies to the impounding of articles alleged to infringe a copyright provided for in Title 17, U.S.C. § 503(a)."

The due process concerns that troubled the Advisory Committee in 1964 have developed into established doctrine that casts grave doubt on the constitutionality of the Copyright Rules procedure. Section 503(a), moreover, provides that "the court may order the impounding, on such terms as it may deem reasonable * * *." There is a good argument that § 503(a) requires more active judicial involvement than the Copyright Rules contemplate.

Reliance on Civil Rule 65 need not defeat the opportunity for no-notice impounding. As with general temporary restraining order practice, no-notice orders may enter on a sufficient showing that notice may defeat the opportunity to grant effective relief. The Advisory Committee understands that there may be circumstances in which alleged infringing items may disappear if notice is provided before any effective restraint is imposed. But the showing must be made, not left to the unilateral disposition of a plaintiff who files affidavits and a bond in an amount approved by "the court."

In the end, the Advisory Committee in 1965 acceded to the judgment of the Committee on Rules of Practice and Procedure that it was not wise to undertake modifications of copyright practice while Congress was considering thoroughgoing copyright revision. The Advisory Committee appended a Note to each of the remaining Copyright Rules expressing "serious doubts as to the desirability of retaining Copyright Rules 3-13," and promised to "keep the problem under study."

This history of concern looks at least as persuasive today as it seemed more than three decades ago. But appearances may not match the reality. What the Advisory Committee needs to learn from experienced copyright practitioners is whether there is any need to continue the Copyright Rules in some form, and whether — and how — they should be modified if they are not abrogated. The needed advice may well invoke considerations that are not at all obvious to noncopyright lawyers. As an abstract matter, for example, it seems likely that many cases involving a need to impound involve both copyright and trademark claims, as with "counterfeit" products. The real-world relationship between trademark and copyright impoundment seems a matter of importance. The Committee prefers not to have to guess about what other relationships may be equally important, or more important.

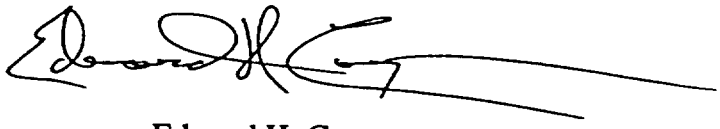
Although this letter is initially addressed to a limited number of people, there is nothing secret about it. To the contrary, the more sources of information that can be tapped, the better will be the Advisory Committee's approach to these problems. It would help to share this letter with anyone you think able to provide good advice. And it would help particularly to urge it on people you especially respect and who are likely to have views and advice different from yours.

In advance, thank you for helping. The anomalous position of the Copyright Rules has been allowed to continue through an embarrassingly long period of inattention. The Advisory Committee now hopes to address the problem thoroughly and well.

Responses can be addressed to me in my capacity as Reporter by writing to the attention of

John K. Rabiej
Chief, Rules Committee Support Office
Administrative Office of the United States Courts
Washington, D.C. 20544

Sincerely yours,



EHC/lm

Edward H. Cooper
Reporter, Civil Rules Advisory

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November 19, 1997

The Honorable Alicemarie H. Stotler, Chair
Committee on Rules of Practice and Procedures of the
Judicial Conference of the United States
c/o United States District Court
751 West Santa Ana Boulevard
Santa Ana, California 92701

Dear Judge Stotler:

Last year, you requested the views of the American Intellectual Property Law Association (AIPLA) regarding the conflict between the Rules of Copyright Practice and the Federal Rules of Civil Procedure. Following consideration by the AIPLA's Committees on Copyright Law and Federal Litigation and deliberation by the Board of Directors, the AIPLA has adopted the following recommendation:

> The American Intellectual Property Law Association recommends that (1) the Copyright Rules be abolished, (2) the reference in Rule 81 (a)(1) of the Federal Rules of Civil Procedure excepting "proceedings in copyright under Title 17, U.S.C." from those rules be deleted, (3) a new paragraph (f) be added to F.R.Civ.P. 65, providing that the provisions of paragraphs (a)-(d) of this rule shall be applicable to copyright cases, including impoundment pursuant to 17 U.S.C. §503, (4) either the new paragraph (f) or the Advisory Committee Notes should suggest that the procedures established for seizure orders in trademark cases by the Trademark Counterfeiting Act of 1984, 15 U.S.C. §1116(d)(3)-(11), are considered appropriate for impounding articles under 17 U.S.C. §503 and for seizure of "records documenting the manufacture, sale, or receipt of things" involved in the alleged violation of the copyright laws, (Quoted phrase is from 15 U.S.C. §1116(d)(1)(A) (in Appendix)) and (5) provisions like 15 U.S.C. §1116(d)(2) requiring notice to a United States attorney not be adopted because the interest of United States attorneys in such matters usually is very low and would create an unnecessary delay in what should be a swift proceeding.

The basis for our recommendation is set forth in the attached Report on the Copyright Rules Relating to Impoundment Procedures. Please do not hesitate to call upon us if we can be of further assistance to you.

Sincerely,

Gary L. Griswold
President

Attachment

Celebrating 100 Years of Service

Report on the
"Copyright Rules" Relating to Impoundment Procedures

1. Background

Long before there were Federal Rules of Civil Procedure, the Supreme Court adopted the Copyright Rules, which were rules for court practice in copyright litigation. They were adopted under a rulemaking provision of the 1909 Copyright Act. A proposal to modify or delete the Copyright Rules was considered over 30 years ago, in 1966, by the Judicial Conference's Advisory Committee on Civil Rules; however, while the special pleading requirement of Rule 2 was abrogated then, action on the other rules was deferred, at least in part, because of the pendency of a new copyright law, which eventually issued from Congress as the 1976 Copyright Act.

The Copyright Rules have again come to the attention of the Committee on Rules of Practice & Procedure, the Advisory Committee on Civil Rules and its Reporter, Prof. Edward H. Cooper, who have sought the advice of those familiar with copyright litigation practice.

In 1964-65, the Advisory Committee considered simply abrogating Copyright Rules 3-15, to be accompanied by addition to Civil Rule 65 (injunctions) of a new subdivision (f) which, updated to refer to the 1976 Act, would read: "This rule applies to the impounding of articles alleged to infringe a copyright provided for in Title 17 U.S.C. §503(a)." A question to be addressed now is whether some additional or more detailed procedure should be prescribed in order to meet the need, especially in cases of "counterfeit" products and related records.

2. Summary of the Rules

The Copyright Rules state that proceedings under the 1909 Act shall be governed by the Civil Procedure Rules to the extent they are not inconsistent with the Copyright Rules. (Rule 1)

The procedure for seizure under the Copyright Rules is initiated by filing an affidavit with the court clerk and a bond. The affidavit must show the extent of infringement and the value of infringing copies and copy-making means. The bond is to be for not less than twice that value, executed by two sureties and approved by the Court or a Commissioner thereof. (Rules 3 and 4) Upon filing of the affidavit and approval of the bond, the clerk issues a writ directing the marshal (or a deputy) to seize and hold the infringing copies and copying means in a secure place, subject to order of the Court. (Rules 4, 6 & 11)

At the time of seizure, the marshal shall serve on defendant a copy of the affidavit, writ and bond, and label seized goods as such. (Rule 5) The defendant can serve objections to the amount of the bond or the sureties within three days, and on failing to do so is deemed to have waived objection. (Rules 7-8) If the defendant does not except to the amount of the bond or sureties, he may apply for return of the seized articles by filing an affidavit. In that case, the court may order return of the articles on filing by the defendant of a bond. (Rules 9-11).

3. The Issues

3.1. Literally There Are No Applicable Rules

Rule 1 refers to "Proceedings in actions brought under section 25 of the Act of March 4, 1909..." (the 1909 Copyright Act), stating that such proceedings are governed by the "Rules of Civil Procedure, in so far as they are not inconsistent with these rules." Rule 81(a)(1), F.R.Civ.P., states that the Civil Rules "do not apply to ... proceedings in copyright under Title 17, U.S.C. except in so far as they may be made applicable thereto by rules promulgated by the Supreme Court of the United States. While the 1909 Act was codified in Title 17 prior to enactment of the 1976 Act, the reference in Copyright Rule 1 is specific to the 1909 Act. On a literal reading of these rules, Professor Cooper suggests, there are no rules applicable to impoundment proceedings under the 1976 Act.

3.2. Problems with the Copyright Rules

3.2.1 The Due Process Issues

Copyright Rules 3 through 17 provide an impoundment procedure. In 1964, the Advisory Committee believed those rules were inconsistent with the then-emerging due process standards which have since developed into established doctrine. In particular, there is no provision for pre-impounding notice to defendants and no provision for advance consideration by a judicial officer of the probable merit of the impounding demand. In 1983, Judge Sifton concluded that the procedure for impoundment under the Copyright Rules is constitutionally infirm in several respects, when measured against Supreme Court precedent outlining minimum requirements of due process for an *ex parte* prejudgment seizure in another context. *Paramount Pictures Corp. v. Doe*, 821 F.Supp. 82, 87-88 (E.D.N.Y. 1983).

Section 503 of the 1976 Copyright Act permits a court to order impounding at any time when a copyright action is pending, "on such terms as it may deem reasonable," which arguably imposes more judicial involvement and restraint than the Copyright Rules. *See Paramount*, 821 F.Supp at 88-89.

3.2.2 Impracticality

In addition to the due process issues, there are questions involving whether the procedures specified by the Copyright Rules are practical. For example, Rule 3 provides, *inter alia,* for the party seeking impoundment to file a bond executed by at least two sureties and approved by the court or a commissioner thereof. The reason for two sureties is unclear. The procedure provided is cumbersome: seizure, possibly followed by the defendant's exception to the amount of the bond or the sureties or both, or—alternatively—application for return of seized articles on filing of a bond executed by two sureties, etc. The seizure apparently must be by a marshal or deputy.

The procedure provided in the Trademark Counterfeiting Act of 1984, 15 U.S.C. §1116(d), is more practical and more in line with due process.

3.2.3. Inadequate Security

A further issue is the amount of security. In a case under the Copyright Rules, the Sixth Circuit held that a $2,000 bond was sufficient, in spite of the alleged infringer's claim that the seized business records contained information valued at 2.2 million dollars. The court of appeals held that the bond specified that the Copyright Rules (Rule 4) was directed to the value of the articles and not the information contained therein. *First Technology Safety Systems Inc. v. Depinet*, 11 F.3d 641, 29 USPQ2d 1269 (6th Cir. 1993) (Impoundment order reversed on other grounds).

Civil Procedure Rule 65(c) specifies that security shall be for "payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained."

The Trademark Counterfeiting Act of 1984 expressly provides a cause of action for a person who suffers a wrongful seizure under its provisions, providing the opportunity for such relief as may be appropriate, including discretion to award prejudgment interest and the possibility of punitive damages for bad faith seizures. 15 U.S.C. §1116(d)(11).

3.2.4. Seizure of Records

As the Sixth Circuit pointed out in *First Technology*, the Copyright Rules only authorize the impoundment of infringing goods and articles which can copy such goods. Section 503 of the Copyright Act of 1976 similarly refers only to such goods and articles. *First Technology* distinguished the provisions of the Trademark Counterfeiting Act of 1984, 15 U.S.C. §1116(d)(1)(A)

which, in civil actions arising out of the use of counterfeit marks, also permits seizure of "records documenting the manufacture, sale, or receipt of things involved in such violation. *See First Technology*, 11 F.3d at 649 n. 10, 29 USPQ2d at 1274 n. 10.

3.2.5 Role and Availability of Law Enforcement Officers

The Copyright Rules provide that seizure shall be by the U.S. marshal or a deputy, and the marshal is to retain the seized goods. As a practical matter, it often is difficult to obtain the services of deputy marshals for a raid in a civil matter and the marshal lacks facilities for storage of the goods. In *First Technology*, defendants objected to the fact that the deputies left the attorneys and their assistants during the raid, and the goods were held by plaintiff's local counsel, pursuant to the court order.

Civil Rule 65 has no provisions specific to seizures and, therefore, none concerning the presence of law enforcement officers, storage of seized goods, or protection of defendant's trade secrets.

The Trademark Counterfeiting Act provisions permit seizure by practically any law enforcement officer, that any materials seized be taken into the custody of the court, and for the entry of an appropriate protective order. 15 U.S.C. §1116(d)(7)&(9).

3.3 Should Specific Seizure Procedures Be Suggested?

Important issues for consideration include whether or not the procedures of the Trademark Counterfeiting Act or some other detailed impoundment procedure should be specified and, if so, by what procedure. The Federal Rules of Civil Procedure leave too many unanswered questions regarding seizures, requiring more detailed study by a court and more detailed briefing by the copyright owner than is justified by what should be a relatively fast and inexpensive procedure. For those reasons, there should be generally accepted standards for a seizure. A procedure should be endorsed authorizing seizure of relevant records in appropriate cases and appropriate security for everything seized. While courts would appear to have that authority now under Rule 65, any doubt which has been cast on that authority should be avoided. *See, e.g. First Technology, supra.*

While the counterfeit trademark seizure procedure is more specific and more limited than due process may require, the following factors support adoption of that procedure in copyright litigation: (1) the close analogy between seizures of copies of copyright works and seizures of goods with

counterfeit trademarks, (2) the fact that Congress gave close scrutiny to the appropriate procedure in enacting the Trademark Counterfeiting Act of 1984, and (3) the fact that—in some cases—seizure under both copyright and trademark laws will be directed to the same articles and records.

While many find it acceptable for an Advisory Committee Note to suggest the Trademark Counterfeiting procedure as acceptable for copyright impoundment in light of the statutory authorization in the Copyright Act, some would prefer an express statute. Clearly some indication of an appropriate procedure should be made when abolishing the old Copyright Rules, to avoid the implication that the United States is not complying with its GATT TRIPs obligation to provide effective enforcement measures for copyrights.

INTERNATIONAL INTELLECTUAL PROPERTY ANTHOLOGY

EDITED BY

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ANDERSON PUBLISHING CO.
CINCINNATI

tion licensing practices or conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market. As provided above, a Member may adopt, consistently with the other provisions of this Agreement, appropriate measures to prevent or control such practices, which may include for example exclusive grantback conditions, conditions preventing challenges to validity and coercive package licensing, in the light of the relevant laws and regulations of that Member.

3. Each Member shall enter, upon request, into consultations with any other Member which has cause to believe that an intellectual property right owner that is a national or domiciliary of the Member to which the request for consultations has been addressed is undertaking practices in violation of the requesting Member's laws and regulations on the subject matter of this Section, and which wishes to secure compliance with such legislation, without prejudice to any action under the law and to the full freedom of an ultimate decision of either Member. The Member addressed shall accord full and sympathetic consideration to, and shall afford adequate opportunity for, consultations with the requesting Member, and shall cooperate through supply of publicly available non-confidential information of relevance to the matter in question and of other information available to the Member, subject to domestic law and to the conclusion of mutually satisfactory agreements concerning the safeguarding of its confidentiality by the requesting Member.

4. A Member whose nationals or domiciliaries are subject to proceedings in another Member concerning alleged violation of that other Member's laws and regulations on the subject matter of this Section shall, upon request, be granted an opportunity for consultations by the other Member under the same conditions as those foreseen in paragraph 3.

PART III: ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Section 1. General Obligations

Article 41

1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

3. Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the proceeding without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard.

4. Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Member's law concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.

5. It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.

Section 2. Civil and Administrative Procedures and Remedies

Article 42
Fair and Equitable Procedures

Members shall make available to right holders[11] civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

Article 43
Evidence

1. The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information.

2. In cases in which a party to a proceeding voluntarily and without good reason refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes a procedure relating to an enforcement action, a Member may accord judicial authorities the authority to make preliminary and final determinations, affirmative or negative, on the basis of the information presented to them, including the complaint or the allegation presented by the party adversely affected by the denial of access to information, subject to providing the parties an opportunity to be heard on the allegations or evidence.

Article 44
Injunctions

1. The judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.

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[11] For the purpose of this Part, the term "right holder" includes federations and associations having legal standing to assert such rights.

2. Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31. In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with a Member's law, declaratory judgments and adequate compensation shall be available.

Article 45
Damages

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.

2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

Article 46
Other Remedies

In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. The judicial authorities shall also have the authority to order that materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.

Article 47
Right of Information

Members may provide that the judicial authorities shall have the authority, unless this would be out of proportion to the seriousness of the infringement, to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution.

Article 48
Indemnification of the Defendant

1. The judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide to a

party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney's fees.

2. In respect of the administration of any law pertaining to the protection or enforcement of intellectual property rights, Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith in the course of the administration of that law.

Article 49
Administrative Procedures

To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

Section 3. Provisional Measures

Article 50

1. The judicial authorities shall have the authority to order prompt and effective provisional measures: (a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of commerce in their jurisdiction of goods, including imported goods immediately after customs clearance; (b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

4. Where provisional measures have been adopted *inaudita altera parte*, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed.

5. The applicant may be required to supply other information necessary for the identification of the goods concerned by the authority that will execute the provisional measures.

6. Without prejudice to paragraph 4, provisional measures taken on the basis of paragraphs 1 and 2 shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where a Member's law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.

7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial

authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.

8. To the extent that any provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

Section 4. Special Requirements Related to Border Measures[12]

Article 51
Suspension of Release by Customs Authorities

Members shall, in conformity with the provisions set out below, adopt procedures[13] to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark or pirated copyright goods[14] may take place, to lodge an application in writing with competent authorities, administrative or judicial, for the suspension by the customs authorities of the release into free circulation of such goods. Members may enable such an application to be made in respect of goods which involve other infringements of intellectual property rights, provided that the requirements of this Section are met. Members may also provide for corresponding procedures concerning the suspension by the customs authorities of the release of infringing goods destined for exportation from their territories.

Article 52
Application

Any right holder initiating the procedures under Article 51 shall be required to provide adequate evidence to satisfy the competent authorities that, under the laws of the country of importation, there is *prima facie* an infringement of the right holder's intellectual property right and to supply a sufficiently detailed description of the goods to make them readily recognizable by the customs authorities. The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, where determined by the competent authorities, the period for which the customs authorities will take action.

Article 53
Security or Equivalent Assurance

1. The competent authorities shall have the authority to require an applicant to provide a security or equivalent assurance sufficient to protect the defendant and the

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[12] Where a Member has dismantled substantially all controls over movement of goods across its border with another Member with which it forms part of a customs union, it shall not be required to apply the provisions of this Section at that border.

[13] It is understood that there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right holder, or to goods in transit.

[14] For the purposes of this Agreement: (a) "counterfeit trademark goods" shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation; (b) "pirated copyright goods" shall mean any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.

competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.

2. Where pursuant to an application under this Section the release of goods involving industrial designs, patents, layout-designs or undisclosed information into free circulation has been suspended by customs authorities on the basis of a decision other than by a judicial or other independent authority, and the period provided for in Article 55 has expired without the granting of provisional relief by the duly empowered authority, and provided that all other conditions for importation have been complied with, the owner, importer, or consignee of such goods shall be entitled to their release on the posting of a security in an amount sufficient to protect the right holder for any infringement. Payment of such security shall not prejudice any other remedy available to the right holder, it being understood that the security shall be released if the right holder fails to pursue the right of action within a reasonable period of time.

Article 54
Notice of Suspension

The importer and the applicant shall be promptly notified of the suspension of the release of goods according to Article 51.

Article 55
Duration of Suspension

If, within a period not exceeding 10 working days after the applicant has been served notice of the suspension, the customs authorities have not been informed that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures prolonging the suspension of the release of the goods, the goods shall be released, provided that all other conditions for importation or exportation have been complied with; in appropriate cases, this time-limit may be extended by another 10 working days. If proceedings leading to a decision on the merits of the case have been initiated, a review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period, whether these measures shall be modified, revoked or confirmed. Notwithstanding the above, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, the provisions of paragraph 6 of Article 50 shall apply.

Article 56
Indemnification of the Importer and of the Owner of the Goods

Relevant authorities shall have the authority to order the applicant to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to Article 55.

Article 57
Right of Inspection and Information

Without prejudice to the protection of confidential information, Members shall provide the competent authorities the authority to give the right holder sufficient opportunity to have any goods detained by the customs authorities inspected in order to substantiate the right holder's claims. The competent authorities shall also have authority to give the importer an equivalent opportunity to have any such goods

inspected. Where a positive determination has been made on the merits of a case, Members may provide the competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer and the consignee and of the quantity of the goods in question.

Article 58
Ex Officio *Action*

Where Members require competent authorities to act upon their own initiative and to suspend the release of goods in respect of which they have acquired prima facie evidence that an intellectual property right is being infringed: (a) the competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers; (b) the importer and the right holder shall be promptly notified of the suspension. Where the importer has lodged an appeal against the suspension with the competent authorities, the suspension shall be subject to the conditions, *mutatis mutandis*, set out at Article 55; (c) Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.

Article 59
Remedies

Without prejudice to other rights of action open to the right holder and subject to the right of the defendant to seek review by a judicial authority, competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 46. In regard to counterfeit trademark goods, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances.

Article 60
De Minimis *Imports*

Members may exclude from the application of the above provisions small quantities of goods of a non-commercial nature contained in travelers' personal luggage or sent in small consignments.

Section 5. Criminal Procedures

Article 61

Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offense. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale.

7

EMAIL COMMENTS ON RULES PROPOSALS

The Standing Committee on Technology has asked that the advisory committees comment on the desirability of permitting email comments on published rules proposals.

The most likely first step would be to allow email comments as an experiment. It is recognized that the nature of the email medium may affect the level of care taken in making comments, but also recognized that electronic communication is increasingly relied upon as a primary means of correspondence. The experiment would provide an opportunity for those offering comments to become accustomed to making formal comments of this sort by email. It also seems likely that the experiment would be on terms that allow receipt and consideration of the comments, but that relieve the advisory committee reporters of the ordinary responsibility to summarize comments.

There has not been any significant response to this proposal among the advisory committees. Such limited response as there has been has not suggested any negative concerns. Electronic comments seem more likely to increase the numbers and diversity of comments than to degrade the quality of present comments by offering a medium that many find more casual.

8

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February 18, 1998

Hon. Paul V. Niemeyer
United States Circuit Judge
by FAX: 410.962.2277

One-page message

Re: Civil Rules Form 2

Dear Paul:

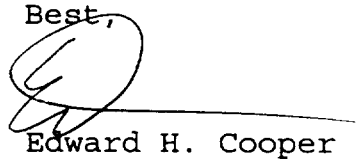
While I was cleaning out a stygian corner of my daily-use briefcase last night, I came across a card reminding me that Civil Rules Form 2 is out of date. The allegation of jurisdiction in a diversity action continues to rely on the $50,000 amount-in-controversy requirement.

This is an embarrassment that should be corrected by action beginning with the March meeting, unless some more expeditious method can be found. The choice to be made is whether to plug in the current amount, $75,000, or to adopt some general term that will avoid the likely need for regular revision as long as general diversity jurisdiction remains. The first option is: "The matter in controversy exceeds, exclusive of interest and costs, the sum of ~~fifty~~ seventy-five thousand dollars." The second option would be something like: "The matter in controversy exceeds, exclusive of interest and costs, the sum required by U.S.C., Title 28, § 1332 ~~fifty thousand dollars~~."

It would be wonderful to discover that the Supreme Court can fix this on its own, with a gentle hint from the Administrative Office (or conceivably the Judicial Conference as an add-on for its March agenda?). It would make sense to get the fix on its way to Congress by the end of April, so we do not have to wait another year for a recommendation from the Civil Rules Advisory Committee to the Standing Committee to the Judicial Conference to the Supreme Court.

I await your suggestion.

Best,



EHC/lm

Edward H. Cooper

fc: John K. Rabiej, Esq., 202.273.1826

9

Rule 83: Local Rules

The Standing Committee has put one local-rules topic on the agendas of the advisory committees for study and recommendation. The proposal is that local rules ordinarily take effect on a single annual date, perhaps January 1, with an exception allowed for rules that seem to require immediate effect to meet emergent situations. This proposal is discussed first. A second proposal for study failed in the Standing Committee by vote of 5 to 6; it is noted for informational purposes.

Uniform Effective Date

The Appellate Rules Advisory Committee is considering a proposal that would require a single annual effective date for local rules. The idea is that it will be easier for attorneys to keep up with local rules if changes can occur on a predictable schedule, and not too often. Exceptions should be permitted, however, because new legislation may require immediate response. As an example, recent habeas corpus reform legislation required the courts of appeals to move with speed to adapt to changes in the certificate of probable cause requirement for appeal and to govern proceedings for securing permission for successive petitions.

It is suggested that the uniform annual date be January 1. By statute and custom, changes in the federal rules ordinarily take effect on December 1. Although there is a substantial period between transmission by the Supreme Court to Congress and December 1, allowing for reasoned deliberation on local rules, it is never certain whether a rule submitted to Congress actually will take effect on December 1. January 1 seems a convenient date.

If, as advised by the advisory committees, the Standing Committee believes that this proposal is desirable, it will be necessary to work out uniform language for the different sets of federal rules. The most an advisory committee can contribute is recommended uniform language. In the Civil Rules, the new language should be inserted in Rule 83(a)(1):

Rule 83. Rules by District Courts; Judge's Directives

(a) Local Rules.

(1) * * * A local rule takes effect on ~~the date specified by the district court~~ January 1 of the year following adoption unless the district court specifies an earlier date to meet a[n emergency] {special} need, and remains in effect unless amended by the court or abrogated by the judicial council of the circuit. * * *

Committee Note

A uniform effective date is required for local rules to facilitate the task of lawyers who must become aware of changes as

they are adopted. Exceptions should be made for emergency circumstances only when special needs arise that cannot be accommodated by other means during the period before the next January 1.

Number and Effect of Local Rules

A motion was made to limit the permissible number of local rules, and to expand the reach of the provision that protects against loss of rights for failure to follow a local rule. The amendments in Civil Rule 83 would look something like this:

(a) Local Rules.

(1) Each district court, acting by a majority of its district judges, may, after giving appropriate public notice and an opportunity for comment, make and amend no more than 20 rules governing its practice. * * *

(2) A local rule ~~imposing a requirement of form shall~~ must not be enforced in a manner that causes a party to lose rights because of a nonwillful failure to comply with the requirement.

The motion was made in a mood of avowed hostility to local rules. The proponent would prefer that all local rules be abolished, to be replaced by actual orders entered in each case. A limit on the number of words — shades of the Appellate Rules brief limits — also was suggested.

Discussion suggested that abolition of local rules would lead to standing orders, and abolition of standing orders would lead to uniform orders automatically duplicated and entered in each case. Local rules, published and (at least in theory) easily accessible to all, may be better than that. The limitation of Rule 81(a)(2) to requirements of form was deliberately considered and adopted; little if anything has changed since 1995 to justify revisiting the question.

It became apparent that this proposal is closely tied to the Standing Committee Local Rules Project. The discussion serves as a reminder that each advisory committee should remain sensitive to problems that arise from local rules, and ready to suggest such remedies as may seem possible. Indeed it may prove desirable to be more aggressive. Protests about the proliferation and variety of local rules continue unabated. When the Civil Rules agenda is a bit less crowded, the Committee may wish to initiate a more formal dialogue with the Standing Committee on new ways to bring some order, if not yet to restore more truly national practices.

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February 17, 1998

John K. Rabiej, Esq.
Chief, Rules Committee Support Office
Administrative Office of the United States Courts
by FAX: 202.273.1826

Re: 97-CV-L (Civil Rule 65.1: Clerk as Agent)

Dear John:

Docket 97-CV-L is an August 22, 1997 letter from Judge H. Russel Holland to Peter McCabe. Judge Holland points to a perceived inconsistency between 31 U.S.C. § 9306 on the one hand and, on the other hand, Civil Rule 65.1 in conjunction with the Code of Conduct for Judicial Employees. He relies on an interpretation of § 9306 by General Counsel of the Administrative Office.

Title 31 chapter 93, beginning with § 9301, governs sureties and surety bonds. Section 9304 deals generally with surety corporations; § 9305 governs required filings with the Secretary of the Treasury. Section 9306 allows a surety corporation to provide a surety bond under § 9304 "in a judicial district court outside the State * * * under whose laws it was incorporated and in which its principal office is located only if the corporation designates a person by written power of attorney to be the resident agent of the corporation for that district. The designated person — (1) may appear for the surety corporation; (2) may receive service of process for the corporation; [(3) and (4) — must be a local resident and domiciliary.]"

Civil Rule 65.1 provides that a surety on any bond or undertaking given under the Civil Rules "submits to the jurisdiction of the court and irrevocably appoints the clerk of the court as the surety's agent upon whom any papers affecting the surety's liability on the bond or undertaking may be served."

Judge Holland is concerned that as interpreted by General Counsel, a person designated as resident agent under § 9306 is required to appear in court on behalf of the surety. A district court clerk, however, is prohibited by the Code of Conduct from doing so. Hence the seeming conflict — Rule 65.1 requires designating the clerk as agent, but the duties of an agent under § 9306 conflict with the clerk's obligations under the Code of Conduct.

I think the seeming conflict disappears on closer examination. Rule 65.1 does not require that the surety give a written power of attorney to the district court clerk that satisfies § 9306.

Far from it, the only role of the clerk under Rule 65.1 is to be agent for service of process. No power of attorney is given. Of course the clerk is not established a § 9306 agent by Rule 65.1, and will not satisfy the § 9306 requirements. To be eligible to serve as surety, a corporation from another state must designate another person as its resident agent with a power of attorney. If General Counsel is right — and I have no reason to question this interpretation — the power of attorney must authorize the resident agent to an appear on behalf of the surety.

That said, Rule 65.1 nonetheless seems to have an ambiguity that in turn suggests a potential serious problem. The next-to-final sentence says that the surety's liability may be enforced by motion. The final sentence says that the motion and notice of the motion may be served on the clerk, who shall mail copies to the sureties of their addresses are known. The ambiguity arises because it is unclear whether the general language requiring irrevocable appointment of the clerk as agent for service of process is limited by this final sentence — is the appointment only for cases in which the surety's liability is to be enforced by motion? Or does the appointment extend also to an independent action — presumably in the district court? If this ambiguity is resolved by extending the appointment to include service in an independent action, the serious problem is that the Rule, having required notice if the proceeding is by motion, does not also require notice if the proceeding is an independent action.

These possible problems with Rule 65.1 do not seem to have stirred any general anguish. A quick reading of Wright, Miller & Kane easily encompasses everything they have to say about Rule 65.1. These questions to not appear. My own inclination is that we should write Judge Holland and forget about Rule 65.1. The letter to Judge Holland might include, if available, the advice of General Counsel that Rule 65.1 does not establish the district court clerk as the § 9306 resident agent, and indeed cannot do so. If in late-minute panic attacks someone seeks to secure a bond from an unauthorized surety, they cannot fall back on appointing the clerk. Appoint your own lawyer, for heaven's sake, if you are that desperate.

Of course I am willing to receive wiser advice from better heads.

Best,

Edward H. Cooper

EHC/lm

fc: Hon Paul V. Niemeyer, 410.962.2277

CHAPTER 93—SURETIES AND SURETY BONDS

Sec.

§ 9301. Definitions

In this chapter—

(1) "person" means an individual, a trust, an estate, a partnership, and a corporation.

(2) "Government obligation" means a public debt obligation of the United States Government and an obligation whose principal and interest is unconditionally guaranteed by the Government.

(Pub.L. 97-258, Sept. 13, 1982, 96 Stat. 1046.)

Historical and Revision Notes

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
9301	6:15 (10th, last sentences)	

Explanatory Notes

In clause (1), the words after the semicolon are omitted as unnecessary because of the restatement

Clause (2) is substituted for 6:15 [former section 15 of Title 6, Bonds] (last sentence) for consistency and to eliminate unnecessary words.

Federal Rules

Bond for costs on appeal in civil cases, see rule 7, Federal Rules of Appellate Procedure, Title 28, Judiciary and Judicial Procedure.

Conditioning of stay pending appeal upon giving of bond, proceedings against sureties, see rule 8, Federal Rules of Appellate Procedure, Title 28

Cost bond upon appeal by permission under section 1292(b) of Title 28, see rule 5, Federal Rules of Appellate Procedure, Title 28.

Security for issuance of restraining order or preliminary injunction, see rule 65, Federal Rules of Civil Procedure, Title 28.

Security; proceedings against sureties, see rule 65.1, Federal Rules of Civil Procedure, Title 28.

Supersedeas bond for obtaining stay upon appeal, see rule 62, Federal Rules of Civil Procedure, Title 28.

§ 9302. Prohibition against surety bonds for United States Government personnel

An agency (except a mixed-ownership Government corporation) may not require or obtain a surety bond for a member of the uniformed services or an officer or employee of the United States Government in carrying out official duties. This section does not affect the personal financial liability of the member, officer, or employee.

(Pub.L. 97-258, Sept. 13, 1982, 96 Stat. 1046.)

Historical and Revision Notes

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
9302	31:1201	June 6, 1972, Pub.L. 92-310, § 101, 86 Stat. 201

Explanatory Notes

The words "agency (except a mixed-ownership Government corporation)" are substituted for 31:1201(c) [former section 1201(c) of this title] (words before last comma) and "agency of the Federal Government" because of section 101 of the revised title [section 101 of this title] and for consistency. The words "member of the uniformed services or an officer or employee of the United States Government" are substituted for "civilian employees or military personnel" for consistency with other titles of the United States Code. The words "in carrying out official duties" are substituted for "in connection with the performance of their official duties" to eliminate unnecessary words and because of the restatement. The words "to the Federal Government" are omitted as surplus. The words "member, officer, or employee" are substituted for "employees and personnel" because of the restatement

West's Federal Forms

Bonds and undertakings, see §§ 1730 to 1733

Library References

United States ⇐35. C.J.S. United States §§ 35, 37, 62 to 64

§ 9303. Use of Government obligations instead of surety bonds

(a) If a person is required under a law of the United States to give a surety bond, the person may give a Government obligation as security instead of a surety bond. The obligation shall—

(1) be given to the official having authority to approve the surety bond;

(2) be in an amount equal at par value to the amount of the required surety bond; and

(3) authorize the official receiving the obligation to collect or sell the obligation if the person defaults on a required condition.

(b)(1) An official receiving a Government obligation under subsection (a) of this section may deposit it with—

(A) the Secretary of the Treasury;

(B) a Federal reserve bank; or

(C) a depositary designated by the Secretary.

cation form stated that agent was applying for a bond of $5,000 and he agreed to pay a premium of $5 a year for each year that the bond remained in force, and agent made two $5 payments, the penal sum of bond was not accumulative from year to year so as to impose liability on the surety for twice the penal sum of the bond for defalcations of the agent occurring in two successive years. Id.

7. Interest

Even if a security agreement existed in connection with taxpayers' deposit of approximately $1,000,000 in United States Treasury bills to stay assessment and collection of tax deficiency, the government could not be held liable for interest lost when bills sat in the Treasury interest free for approximately one year after their maturity since the government had no duty, on maturity, either to reinvest them or notify taxpayers; although government could not relieve itself of its broad duty to exercise reasonable care no duty to see that a pledged security always produced income could be implied; furthermore, no diminution in value was even remotely possible and bills were paid in full. Cleveland Chair Co. v. U.S., 1977, 557 F.2d 244, 214 Ct.Cl. 360.

8. Persons entitled to recover

Plaintiff who deposited bonds with clerk for accused's bail could recover bonds where accused had been acquitted, as against Collector of Internal Revenue who sought to subject bonds to distraint for unpaid income taxes of accused, in absence of proof of ownership of bonds in accused. Jacobson v. Hahn, C.C.A.N.Y.1937, 88 F.2d 433.

9. Refusal to accept obligations

Former section 15 of Title 6 which authorized person required to furnish recognizance with sureties to deposit United States bonds and notes in amount of recognizance required, did not limit federal court's power to refuse to accept such bonds or notes, supplied from undependable source, as bail in criminal case, as purpose of such bail was to secure defendant's personal appearance in court. Cristoffel v. U.S., 1951, 196 F.2d 560, 89 U.S.App.D.C. 341.

10. Return of bonds

In suit to recover bonds deposited as bail, plaintiff made out prima facie case by establishing that he deposited bonds, that accused was thereafter discharged from custody, and that a demand had been made on clerk of court for return of bonds, which was refused. Jacobson v. Hahn, C.C.A.N.Y.1937, 88 F.2d 433.

Defendants, being entitled to immediate return of bonds, deposited in lieu of sureties on bail bonds, after their discharge, could transfer title thereto to mortgage company before service of garnishment process in attorneys' action against them for fees. Bankers' Mortg. Co. of Topeka, Kan. v. McComb, C.C.A.Colo.1932, 60 F.2d 218.

Mortgage company, furnishing bonds, deposited by defendants in lieu of sureties on bail bond in criminal action, to which it was not party, cannot seek return of bonds to it as defendants' assignee after latter's discharge by intervening petition, but must file plenary suit. Id.

That sheriff did not receive a certificate of deposit before releasing prisoner did not entitle person furnishing bonds deposited as bail to have them returned. Kirschbaum v. Mayn, Mont.1926, 246 P. 953.

11. Supersedeas bonds

Trial court had authority to approve personal supersedeas bond without surety of appellant who deposited as security certificate of indebtedness of the United States payable to bearer, Federal Farm Mortgage Corporation Bonds, payable to bearer, and Treasury Bonds of the United States, payable to bearer. Fakouri v. Cadais, C.C.A.La.1945, 147 F.2d 667, rehearing denied 149 F.2d 321, certiorari denied 66 S.Ct. 54, 326 U.S. 742, 90 L.Ed. 443.

Where personal supersedeas bond given by appellant provided that failure of appellant to satisfy judgment rendered against him on appeal would authorize satisfaction of judgment out of proceeds of securities deposited with bond, and the securities were payable to bearer, failure of appellant to file agreement authorizing sale of bonds did not require dismissal of appeal. Id.

12. Time of status as bond

Liberty bonds deposited as bail until written undertaking should be furnished remained so, where undertaking offered was not approved. Kirschbaum v. Mayn, Mont.1926, 246 P. 953.

13. Title to bonds

Where moneys used to purchase bonds deposited in lieu of bail were advanced for bail purposes only title did not pass to accused, and plaintiff who deposited bonds with clerk could have recovered bonds, as against Collector of Internal Revenue who sought to subject bonds to distraint for unpaid income taxes of accused. Jacobson v. Hahn, C.C.A.N.Y.1937, 88 F.2d 433.

In determining correctness of ruling, denying defendants' motion for judgment on pleadings in criminal cause, wherein defendants filed petition alleging agreement, denied in response of attorneys suing them for fees, to assign bonds, deposited as security for bail bonds, to mortgage company, appellate court must treat title thereto as in defendants, where they stood on motion. Bankers' Mortg. Co. of Topeka, Kan. v. McComb, C.C.A.Colo.1932, 60 F.2d 218.

Court should ascertain title to bonds, deposited in lieu of sureties on bail bond, or residue thereof, in clerk's hands, as between defendant or his creditors and third persons, and direct delivery thereof to owner after conditions of bail bond are fully met. Id.

14. Estoppel

Plaintiff furnishing prisoner Liberty bonds for deposit as bail was estopped from asserting court had no authority to receive bonds as bail. Kirschbaum v. Mayn, Mont.1926, 246 P. 953.

15. Stipulations

Plaintiff, stipulating that deposit of Liberty bonds for bail was substantial equivalent of actual money, cannot thereafter deny it. Kirschbaum v. Mayn, Mont.1926, 246 P. 953.

16. Inferences

Where evidence sufficiently established that accused obtained money used to purchase bonds deposited in lieu of bail for bail purposes only, trial court could not, on mere conjecture or unwillingness to believe witnesses, draw contrary inferences and place total ownership in accused so as to render bonds subject to distraint for unpaid income taxes of accused. Jacobson v. Hahn, C.C.A.N.Y. 1937, 88 F.2d 433.

17. Presumptions

Bonds deposited in lieu of sureties on bail bonds are conclusively presumed to be defendants' property so long as United States claims remain unsatisfied. Bankers' Mortg. Co. of Topeka, Kan. v. McComb, C.C.A. Colo.1932, 60 F.2d 218.

18. Burden of proof

Collector of Internal Revenue claiming that bonds deposited as bail were property of accused and subject to distraint by collector for unpaid income taxes had burden of proving that bonds were property of accused. Jacobson v. Hahn, C.C.A.N.Y.1937, 88 F.2d 433.

§ 9304. Surety corporations

(a) When a law of the United States Government requires or permits a person to give a surety bond through a surety, the person satisfies the law if the surety bond is provided for the person by a corporation—

(1) incorporated under the laws of—

(A) the United States; or

(B) a State, the District of Columbia, or a territory or possession of the United States;

(2) that may under those laws guarantee—

(A) the fidelity of persons holding positions of trust; and

(B) bonds and undertakings in judicial proceedings; and

(3) complying with sections 9305 and 9306 of this title.

(b) Each surety bond shall be approved by the official of the Government required to approve or accept the bond. The official may not require that the surety bond be given through a guaranty corporation or through any particular guaranty corporation.

(Pub.L. 97-258, Sept. 13, 1982, 96 Stat. 1047.)

Historical and Revision Notes

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
9304	6:6	

Explanatory Notes

Subsection (a) is substituted for 6:6 [former section 6 of Title 6, Bonds] (1st sentence) to eliminate unnecessary words and for clarity and consistency. Clause (3) is added for clarity.

In subsection (b), the words "Each surety bond" are substituted for "Such recognizance, stipulation, bond, or undertaking", the words "official of the Government" are substituted for "head of department, court, judge, officer, board, or body executive, legislative, or judicial", and the word "official" is substituted for "officer or person having the approval of any bond", to eliminate unnecessary words and for clarity and consistency

Cross References

Authority and revocation of authority of surety corporations, see section 9305 of this title.
Civil actions and judgments against surety corporations, see section 9307 of this title.
Civil penalty for violation of this section, see section 9308 of this title.
District in which surety bond is deemed to be provided, see section 9307 of this title.
Surety corporations acting outside area of incorporation and place of principal office, see section 9306 of this title.

West's Federal Forms

Bonds and undertakings, see §§ 1730 to 1733.

Notes of Decisions

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1. State regulation or control

Former section 6 of Title 6 did not undertake to endow any corporation with power, but only permitted those complying with specified conditions to exercise their lawful powers, derived from other sources, by contracting with the government under official approval, and neither circumstances nor language of such former section indicated design or necessity to limit application by the several states of a well-established system of licensing and taxing bonding companies not incorporated under their own statutes, since the right to carry on business in a state depended upon a compliance with its laws. Fidelity, etc., Co. v. Pennsylvania, 1916, 36 S.Ct. 298, 240 U.S. 319, 60 L.Ed. 664.

In an opinion of the Attorney General affecting an Oklahoma statute enacted during its territorial life it was held that the government could enforce a contract between it and a surety company in Oklahoma, although the company has not made the deposit required by the territorial Act of Oklahoma of Mar. 15, 1905. 1906, 25 Op.Atty.Gen. 598.

If the laws of a state under which a surety company is incorporated limit the amount of liability to a certain percentage of the capital, which can be incurred on account of any one partnership or association, and if a greater amount of liability is incurred it is to be secured by a collateral agreement of indemnity, such provision is thereby made a part of its charter, and to that extent it is restricted in its dealings with the United States. 1899, 22 Op.Atty.Gen. 421.

The American Surety Company of New York was held to have power, under the laws of New York, to assume the relation of surety upon a bond to the United States conditioned for the faithful performance of a contract to furnish steel gun forgings to the latter. 1887, 19 Op.Atty.Gen. 66.

2. Nature of bond

A bond given by a contractor for government work, conditioned as provided by former section 6 of Title 6, was in effect two separate instruments; one securing performance of the contract to the United States, and the other the payment by the contractor of bills for labor and materials furnished, and in the latter aspect the surety was not discharged from liability by a variation of the contract which might have relieved it from liability to the United States, as by a change in the site of a building. U.S. v. California Bridge & Construction Co., C.C.Pa.1907, 152 F. 559.

3. Acceptable or unacceptable sureties

District court, or judge thereof, may refuse to approve bonds submitted for approval and instruct clerks to do likewise, where surety thereon is believed to be bad financial or moral risk. Concord Casualty & Surety Co. v U.S., C.C.A.N.Y.1934, 69 F.2d 78.

A surety company may be accepted as surety on the official bond of an officer of the government who is to discharge his duties in the Panama Canal Zone, provided the surety company has appointed process agents in the judicial district in which the principal in the bond resided at the time it was made or guaranteed, and in the judicial district in which the office is located to which it is returnable, and provided the company has also complied with all other legal requirements. 1909, 27 Op.Atty.Gen. 208.

It was competent for the Secretary of State, under former section 11 of Title 22, to accept as sureties upon official bonds of United States consular officers, corporations organized under state or United States laws as surety or guaranty companies authorized by their charter to undertake such obligations. 1891, 20 Op.Atty.Gen. 16.

4. Acknowledgment of bond

An acknowledgment of a bond is not necessary. 1908, 26 Op.Atty.Gen. 507.

5. Corporate seal

A corporation may adopt for the purpose and use a seal other than its corporate seal on a bond, so as to make the bond a corporate deed of the corporation 1908, 26 Op.Atty. Gen. 507.

6. Individual sureties

By former section 6 of Title 6 Congress made elaborate provision for the safe use of surety companies as security upon bonds required in court and other proceedings, and while it did not exclude individual sureties, it offered a most convenient and stable means of obtaining indemnity against the default of parties, this being preferred to individual sureties because a properly conducted surety company made it its business promptly to investigate and to meet its liabilities. Newton v. Consolidated Gas Co., N.Y.1924, 44 S.Ct. 481, 265 U.S. 78, 68 L.Ed. 909.

A bail bond which was given by a surety company for the appearance of a defendant in a criminal case in a federal court, as authorized by former section 6 of Title 6, differed in no way, so far as its legal status was concerned, from the bond of an individual surety Ex parte Marrin, D.C.N.Y.1908, 164 F. 633

The surety on a bond of an acting or deputy disbursing clerk selected under former section 494 of this title, should have been such as was authorized under former section 6 of Title 6, or such personal surety as might have been acceptable to the proper authorities. 1909, 27 Op.Atty.Gen. 624.

7. Minimum rates for insurance

Former section 6 of Title 6 did not permit the imposition of conditions and regulations by government officials relative to the percentage of capital stock to liability on a single official bond, or the minimum rates that were to have been charged for such insurance, etc 1899, 22 Op.Atty.Gen. 421.

8. Percentage of capital stock to liability

The Attorney General is not authorized to fix a limit of the percentage of capital stock to liability beyond which a surety company may not go upon a single official bond, or prescribe rates which such company shall charge for such insurance. 1899, 22 Op.Atty.Gen. 421.

9. Premiums

The District Court for the Southern district of New York finding a statutory gas rate confiscatory, enjoined public officials from enforcing it, but, as a condition, required the plaintiff gas company to impound with a special master all sums collected from consumers in excess of the rate, pending determination of the case on appeal, and, later, for the protection of the plaintiff and to benefit consumers, permitted the plaintiff to withdraw the fund so accumulated by substituting surety bonds, conditioned for its return with substantial interest should the rate be upheld, and the injunction having been affirmed, it was held, that the premiums paid for the bonds were taxable, and rightly taxed, against the defendants, as costs in conformity with a usage of that district. Newton v. Consolidated Gas Co., N.Y.1923, 44 S.Ct. 481, 265 U.S. 78, 68 L.Ed. 909.

Note 9

Where the claimant of a libeled vessel has prevailed in the trial, he is entitled to tax as a part of his costs the premium paid to a surety company for a bond. The John D. Dailey, D.C.N.Y.1907, 158 F. 642.

Where a bond for faithful performance of the work under a cost-plus contract is required by statute and by the contract itself, the premium paid on the same by plaintiff is part of the cost of the work under the contract, and plaintiff is entitled to recover the amount of such premiums deducted by the auditor from other moneys due said plaintiff. Mason & Hanger Co. v. U.S., 1921, 56 Ct.Cl. 238, affirmed 43 S.Ct. 128, 260 U.S. 323, 67 L.Ed. 286, affirmed 43 S.Ct. 518, 261 U.S. 610, 67 L.Ed. 825.

10. Voluntary bonds

Voluntary bonds, which were given by an employee or officer of the United States to a superior officer, were not given pursuant to any specific statute, but were the result of mutual agreements reached between various subordinates and their superior officers and such bonds did not have to be approved or accepted by the head of a department nor was there any officer required by statute to approve or accept the same, accordingly they did not come within the purview of former section 6 of Title 6 1909, 28 Op.Atty.Gen. 28.

11. Disciplinary proceedings

District court rule covering disbarment of attorneys conferred no power on district court to institute special disciplinary proceeding against surety company or to restrain surety company from executing bonds in such court. Concord Casualty & Surety Co. v. U.S., C.C.A.N.Y.1934, 69 F.2d 78, 91 A.L.R. 885.

12. Jurisdiction

District court was without jurisdiction on mere show cause order in special disciplinary proceeding to restrain surety company, authorized to do business within the state and by Secretary of Treasury to execute bonds in judicial proceedings, from acting as surety or indemnitor in such court. Concord Casualty & Surety Co. v. U.S., C.C.A.N.Y.1934, 69 F.2d 78, 91 A.L.R. 885.

13. Injunction

Special disciplinary proceeding against surety company, undertaken by district court, and resulting in injunction undertaking to restrain company from acting as surety or indemnitor in district court, held not maintainable as a proceeding for "criminal contempt," where surety was not actively and directly connected with contumacious act. Concord Casualty & Surety Co. v. U.S., C.C.A.N.Y. 1934, 69 F.2d 78, 91 A.L.R. 885.

§ 9305. Authority and revocation of authority of surety corporations

(a) Before becoming a surety under section 9304 of this title, a surety corporation must file with the Secretary of the Treasury—

(1) a copy of the articles of incorporation of the corporation; and

(2) a statement of the assets and liabilities of the corporation signed and sworn to by the president and secretary of the corporation.

(b) The Secretary may authorize in writing a surety corporation to provide surety bonds under section 9304 of this title if the Secretary decides that—

(1) the articles of incorporation of the corporation authorize the corporation to do business described in section 9304(a)(2) of this title;

(2) the corporation has paid-up capital of at least $250,000 in cash or its equivalent; and

(3) the corporation is able to carry out its contracts.

(c) A surety corporation authorized under subsection (b) of this section to provide surety bonds shall file with the Secretary each January, April, July, and October a statement of the assets and liabilities of the corporation signed and sworn to by the president and secretary of the corporation.

(d) The Secretary—

(1) shall revoke the authority of a surety corporation to do new business if the Secretary decides the corporation is insolvent or is in violation of this section or section 9304 or 9306 of this title;

(2) may investigate the solvency of a surety corporation at any time; and

(3) may require additional security from the person required to provide a surety bond if the Secretary decides that a surety corporation no longer is sufficient security.

(e) A surety corporation providing a surety bond under section 9304 of this title may not provide any additional bond under that section if—

(1) the corporation does not pay a final judgment or order against it on the bond; and

(2) no appeal or stay of the judgment or order is pending 30 days after the judgment or order is entered.

(Pub.L. 97–258, Sept. 13, 1982, 96 Stat. 1047.)

Historical and Revision Notes

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
9305(a), (b)	6:8.	
9305(c), (d)	6:9	
9305(e)	6:11	

Explanatory Notes

In subsection (a), before clause (1), the words "Before becoming a surety under section 9304 of this title, a surety corporation must file" are substituted for "Every company, before transacting any business under sections 6 to 13 of this title, shall deposit" for consistency and as being more precise. In clause (1), the words "charter or" are omitted as being included in "articles of incorporation".

Subsection (b) is substituted for 6:8 [former section 8 of Title 6, Bonds] (2d sentence) for clarity and consistency and because of the restatement.

In subsection (c), the words "A surety corporation authorized under subsection (b) of this section to provide surety bonds" are substituted for "Every such company" for clarity. The words "as is required by section 8 of this title" are omitted as unnecessary because of the restatement.

In subsection (d)(1), the word "shall" is substituted for "shall have the power, and it shall be his duty, to" to eliminate unnecessary words. The words "under sections 6 to 13 of this title" are omitted as unnecessary because of the restatement. The words "conducting its business" are omitted as surplus. In clause (3), the words "that . . . be given at any time" are omitted as surplus. The words "from the person required to provide a surety bond" are substituted for "by any principal" for clarity.

Subsection (e) is substituted for 6:11 [former section 11 of Title 6, Bonds] to eliminate unnecessary words, for clarity and consistency, and because of the restatement.

Cross References

Civil penalty for violation of this section, see section 9308 of this title.
District in which surety bond is deemed to be provided, see section 9307 of this title.
Necessity of compliance with this section by surety corporations, see section 9304 of this title.

West's Federal Forms

Bonds and undertakings, see §§ 1730 to 1733.

Notes of Decisions

1. Purpose

Former section 8 of Title 6 was apparently intended to insure the financial integrity of a surety company and to require the maintenance of a fixed fund to protect the United States against losses. 1939, 39 Op.Atty.Gen. 310.

2. Duty of sureties

The People's Trust Company, having exercised the powers conferred by its charter and received the benefit arising therefrom, cannot discharge itself from the duties, notwithstanding the company has not complied with certain statutory requirements, to which the state alone can object. 1907, 26 Op.Atty Gen. 276

3. Powers of sureties

The Globe Surety Company, of Kansas City, Mo., which had the power to guarantee the fidelity of persons who held positions of public or private trust and the power to execute and guarantee bonds and undertakings in judicial proceedings, was held to possess appropriate corporate powers to entitle it to certification as a sole surety under the provisions of former section 8 of Title 6. 1910, 28 Op. Atty.Gen 411.

4. Written authorization—Generally

The validity of a bond executed jointly and severally by the American Surety Company of New York and the People's Trust Company, of Lancaster, Pa., which guaranteed the faithful performance of the duties of a pay officer of the Navy, was not impaired by the fact that the latter company had not obtained written authority to do business, as required by former section 8 of Title 6. 1907, 26 Op. Atty.Gen. 276.

5. —— Paid-up capital

The "paid-up capital" requirement of former section 8 of Title 6 was satisfied, under conditions stated, by a mutual company whose capital required by State law was equivalent to capital stock of a stock company. 1939, 39 Op.Atty.Gen. 310.

A casualty' company having no capital stock cannot qualify to issue surety bonds in favor of the United States. 1923, 34 Op.Atty.Gen. 75.

The word "capital" which appeared in former section 8 of Title 6 was used in the sense of or as synonymous with capital stock. Id.

§ 9306. Surety corporations acting outside area of incorporation and place of principal office

(a) A surety corporation may provide a surety bond under section 9304 of this title in a judicial district outside the State, the District of Columbia, or a territory or possession of the United States under whose laws it was incorporated and in which its principal office is located only if the corporation designates a person by written power of attorney to be the resident agent of the corporation for that district. The designated person—

(1) may appear for the surety corporation;

(2) may receive service of process for the corporation;

(3) must reside in the jurisdiction of the district court for the district in which a surety bond is to be provided; and

(4) must be a domiciliary of the State, the District of Columbia, territory, or possession in which the court sits.

(b) The surety corporation shall file a certified copy of the power of attorney with the clerk of the district court for the district in which a surety bond is to be given at each place the court sits. A copy of the power of

attorney may be used as evidence in a civil action under section 9307 of this title.

(c)(1) If a resident agent is removed, resigns, dies, or becomes disabled, the surety corporation shall appoint another agent as described in this section.

(2) Until an appointment is made under paragraph (1) of this subsection or during an absence of an agent from the district in which the surety bond is given, service of process may be made on the clerk of the court in which a civil action against the corporation is brought. The official serving process on the clerk of the court—

(A) immediately shall mail a copy of the process to the corporation; and

(B) shall state in the official's return that the official served the process on the clerk of the court.

(3) A judgment or order of a court entered or made after service of process under this section is as valid as if the corporation were served in the judicial district of the court.

(Pub.L. 97-258, Sept. 13, 1982, 96 Stat. 1048.)

Historical and Revision Notes

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
9306	6:7	

Explanatory Notes

In subsection (a), before clause (1), the words "in a judicial district" are added for clarity. The word "outside" is substituted for "beyond the limits" to eliminate unnecessary words. The words "territory or possession of the United States" are substituted for "Territory" for consistency in the revised title. The word "resident" is added for consistency.

In subsection (b), the words "duly . . . and authenticated" are omitted as surplus. The words "in which a surety bond is to be given" are added for clarity and because of the restatement. The words "the court sits" are substituted for "where a term of such court is or may be held", and the words "A copy of the power of attorney may be used as evidence in a civil action" are substituted for "which copy, or a certified copy thereof, shall be legal evidence in all controversies", to eliminate unnecessary words and for clarity and consistency.

In subsection (c)(1), the words "a resident" are substituted for "any such" for clarity. The words "becomes disabled" are substituted for "become insane, or otherwise incapable of acting" to eliminate unnecessary words. The words "the surety corporation shall" are substituted for "it shall be the duty of such company to" to eliminate unnecessary words and for consistency. The words "in his place" are omitted as unnecessary.

In subsection (c)(2), before clause (A), the words "the district in which the surety bond is given" are substituted for "such district", and the words "a civil action against the corporation" are substituted for "such suit", for clarity and consistency. The words "with like effect as upon an agent appointed by the company" are omitted as unnecessary. The words "official serving" are substituted for "officer executing such" for consistency. Clause (2) is substituted for "state such fact in his return" for clarity.

In subsection (c)(3), the words "decree or" are omitted as being included in "order". The words "and binding" are omitted as being included in "valid". The words "as if the corporation were served in the judicial district of the court" are substituted for "on such company as if served with process in said district" for clarity and consistency.

Cross References

Civil penalty for violation of this section, see section 9308 of this title.
District in which surety bond is deemed to be provided, see section 9307 of this title.
Necessity of compliance with this section by surety corporations, see section 9304 of this title.
Revocation of authority of surety corporation for violation of this section, see section 9305 of this title.

Federal Rules

Process, see rule 4, Federal Rules of Civil Procedure, Title 28, Judiciary and Judicial Procedure.
Proof of official records, see rule 44, Federal Rules of Civil Procedure, Title 28.

West's Federal Forms

Bonds and undertakings, see §§ 1730 to 1733.
Service of summons, see § 1301 et seq

Notes of Decisions

1. Purpose

The obvious purpose of former section 7 of Title 6 was to bring surety companies within the jurisdiction of the court in the district where the contract was to be performed. 1909, 28 Op Atty Gen 28.

2. Policy

The question whether or not in either case the Treasury Department should accept such bonds is one of administrative policy, regarding which the Attorney General cannot properly express an opinion 1909, 28 Op Atty Gen 127

3. Geographical scope of section

The Canal Zone was not within the contemplation of former section 7 of Title 6 1909, 27 Op.Atty.Gen. 136.

4. Doing business in state

The manifest object of former section 7 of Title 6 was to secure and make convenient the service of legal process upon the company, and it would have been a strained interpretation of such former section to hold that it authorized surety companies coming within its provisions to enter a state and therein transact business without the consent of the state or without complying with the conditions or terms which the state might have prescribed Com. v. Fidelity, etc, Co., 1914, 90 A. 437, 244 Pa. 69, affirmed 36 S.Ct. 298, 240 U.S. 319, 60 L.Ed. 664.

Bonds of surety companies, executed in states in which they are not licensed, for principals residing in those states or for contracts to be performed therein, are valid and enforceable against such companies, no matter how flagrant their violations of the law of the state may have been as regards failure to qualify to do business in the state. 1909, 28 Op.Atty.Gen. 127.

The execution of a bond by a surety company at its home office, or outside of the boundaries of a state wherein it is not licensed, for a principal residing in such state, or for a contract to be performed there, would not be the doing of business by the surety within the state. Id.

The Treasury Department should not have accepted the bond of a surety company in a state where the company was forbidden by the laws of the state to do business, notwithstanding the company may have complied with the provisions of former section 7 of Title 6. 1909, 28 Op.Atty.Gen. 34.

5. Fidelity bonds

Former section 7 of Title 6 dealt with official and penal bonds only and had no application to an action on a fidelity bond. American Indemnity Co. v. Detroit Fidelity & Surety Co., D.C.Tex.1932, 1 F.Supp. 160, affirmed 63 F.2d 395.

6. Service of process—Generally

Service upon surety company, doing business beyond state or territory of incorporation, through clerk of district court, being manifestly personal, there must be personal service upon resident agent of such company. U.S. v. Southern Dredging Co., D.C.Del 1918, 251 F. 400

A petition against a company as surety on a contractor's bond in the district where it was given, where service appears to have been made on its authorized agent, is not demurrable on the ground that it is not an inhabitant of the district. U.S. v. Sheridan, C.C.Ky 1902, 119 F. 236.

7. —— Appointment of process agent

Former section 7 of Title 6 required the appointment of a process agent in the district where the principal resided and also in the district where the contract was to be performed. 1909, 28 Op.Atty Gen. 36.

Surety companies could, under the provisions of former section 7 of Title 6, appoint process agents in Puerto Rico, but not in the Philippine Islands. 1909, 27 Op.Atty.Gen. 208.

Former section 10 of Title 6 did not so qualify former section 7 of Title 6 as to make the appointment of a process agent in the district only where the bond was returnable or filed in compliance with the statute, and it was the purpose also to require the appointment of an agent in the district where the contract was to have been performed 1906, 25 Op Atty.Gen 598.

A surety company authorized by the statute to transact a surety business, which had appointed an agent at Guthrie, Okl., upon whom all lawful process issued against it might have been served, and had filed copies of such appointment at all places in that territory where court was held, thereby consented to accept service upon such agent of a summons issued from any county in that Territory, and effectuated the purpose of former section 7 of Title 6. Id

§ 9307. Civil actions and judgments against surety corporations

(a)(1) A surety corporation providing a surety bond under section 9304 of this title may be sued in a court of the United States having jurisdiction of civil actions on surety bonds in—

(A) the judicial district in which the surety bond was provided; or

(B) the district in which the principal office of the corporation is located.

(2) Under sections 9304–9308 of this title, a surety bond is deemed to be provided in the district—

(A) in which the principal office of the surety corporation is located;

(B) to which the surety bond is returnable;

(C) in which the surety bond is filed; and

(D) in which the person required to provide a surety bond resided when the bond was provided.

(b) In a proceeding against a surety corporation providing a surety bond under section 9304 of this title, the corporation may not deny its power to provide a surety bond or to assume liability.

(Pub.L. 97–258, Sept. 13, 1982, 96 Stat. 1049.)

Historical and Revision Notes

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
9307(a)	6:10	
9307(b)	6:12	

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