6 KEY TAKEAWAYS

Ethics: Investigations Gone Wild

Many companies routinely use private investigators or other covert techniques to review possible infringements, including to obtain evidence of infringement and unfair competition by competitors, and to gauge the scope and structure of a potential infringer's operations. Navigating the proper use of investigators and other undercover techniques can feel a bit like navigating the Wild West. The rules are not always well defined and can vary by jurisdiction. The timing of investigations can raise ethical issues as well. Even if the use of private investigators is permissible, there could be questions about the most effective way to use these procedures and how to convert what is yielded into usable evidence at a hearing or trial.

Kilpatrick attorney Chris Bussert along with Coty, Inc.'s Joseph Conklin recently spoke on the topic of **"Ethics: Investigations Gone Wild"** at the Firm's annual A**dvanced Trademark Law Seminar.** Key takeaways from the presentation include:

1

Thoroughly vet the investigator as to experience and credentials including in generating necessary reports, declarations or affidavits, and testifying, and assess any reluctance the investigator exhibits in undertaking any of these actions. Verify that the investigator is licensed in the jurisdiction in which the investigation will take place. Oftentimes, former members of federal and state law enforcement agencies with a background in investigations serve as highly credible witnesses.

2

Local ethics rules, disciplinary rulings and opinions, and case law should be closely scrutinized before embarking on a pretext investigation, including in the states where the lawyer is admitted to practice, where the case is pending, and where the investigation will take place. Judicial precedent interpreting the applicable ethical rules varies from locale to locale and should be carefully considered in developing a strategy for the use of pretext.

3

Consider the individuals who will be contacted during the investigation. Courts have expressed fewer concerns with communications between investigators and salesclerks and other "public facing" employees, as opposed to officers or others who have managerial responsibility with the target. Some courts, however, have held that statements made by even low-level employees may be imputed to the target. The investigator should further not try to simulate an attorney in a deposition in gathering information from individuals (such as asking a series of leading questions). Instead, the exchange should be kept low key and conversational, which will encourage the target to volunteer information.

4

Even with low level employees, going beyond communications seeking publicly available information such as the price and availability of goods and services and instead seeking to obtain admissions or answers to specific questions as to details, decisions, motivations and effects is more likely to be subject to the strict scrutiny of a court.

5

Verifying and documenting normal business practices and transactions in the ordinary course of business with members of the general public is usually permitted even if a complex ruse is employed to ascertain that information. However, a ruse involving an individual posing as a professional to obtain information generally accessible or available only by highly trained professionals (such as a physician) is problematic and can result in exclusion of any information obtained and significant sanctions by courts.

6

For all investigations that may be part of litigation, always be thinking about evidentiary considerations. Be knowledgeable of the jurisdictional requirements and tailor the information that is needed to be provided by the investigator, including the detail the investigator will need to provide as part of an affidavit or declaration. Ensure the investigator timely and fully completes an appropriate affidavit or declaration and do your best to ensure the investigator is generally available to testify if needed.

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