ASSOCIATION OF CORPORATE COUNSEL

TITLE: **You Are Commanded To Do What? The Do's and Don'ts of Responding to a Subpoena**

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PRESENTED BY: **ACC Small Law Department Committee**

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MODERATOR: **Julienne Bramesco**, General Counsel, Colonial Parking

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Operator: Welcome to this ACC webcast. Julienne, please go ahead.

Julienne Bramesco: Good afternoon and thank you. I'm very pleased to welcome everybody this afternoon to a presentation called You Are Commanded To Do What, the do's and don'ts of responding to a subpoena.

Participants are reminded that you can ask questions during this webcast by clicking in the chat box and we'll try to handle as many questions as we can during the program. There's also a webcast evaluation that is associated with this program and we love to get those. We love to use the information to do even better programs in the future.

My name is Julienne Bramesco I am the Vice President and General Counsel of Colonial Parking but I think many of you know me from sitting on the other side of these webcasts during my time working with the Association of Corporate Counsel.

I'm very pleased to have today Ron Hicks who is a partner with Meyer, Unkovic and Scott in Pittsburgh. Ron is a person who represents corporate and individual clients in business and commercial disputes, with an emphasis on trade secrets and business protections. He litigates in the federal and state courts all over the Atlantic coast and the mid-west and I know Ron from his work as the co-chair of the Meritas Litigation Section. So we're very pleased to have you today, Ron.

I tried to come up with a funny story about subpoenas to introduce this topic and I just couldn't think of anything funny, I'm not sure that subpoenas are funny, usually they upset people, they never seem to come at the right time. But I think you were saying that you actually thought that there was a subpoena season, so maybe we could get started by talking about what a subpoena is and how we should respond to subpoenas.

Ron Hicks: Thanks, Julienne. Yes, as I mentioned to Julienne, I've always felt that it's generally about the November, December, January, February timeframe when subpoenas come in. It's primarily from government cases where either the IRS or some government entity is doing some type of an investigation, and they always seem to come out of the blue. You know your company has done some work for some supplier and all of a sudden now you've been served with a

subpoena. So that's why I thought this would be a timely topic, even though it is two days before Christmas.

Generally speaking, most of you probably have seen subpoenas before. They're a formal written order -- some people call them writs -- but basically they've been issued either by a court or some body with administrative power, whether it's the Internal Revenue Service or the Attorney General's Office from a lot of states will issue subpoenas. Basically, what subpoenas do is they command a person to appear and testify before some judicial body or some other authority, and in some cases, the subpoenas require you to in fact actually produce documents.

The other thing about subpoenas that people need to remember is that they can be used for administrative proceedings, and many companies occasionally will get subpoenas that deal with grand jury proceedings. The reason I mention that is the one thing about grand jury proceedings that are different than your typical civil or criminal proceedings are that grand jury proceedings and the subpoenas that are issued under that, are in fact supposed to be kept confidential.

Many of you may have received calls from banks whenever banks have been served with subpoenas about your company's records and the bank is giving a notice to you of the fact that they've been served with a subpoena. That exception or that notice provision doesn't apply to grand jury subpoenas. So, if you get served with a grand jury subpoena, and then you tell the person who is the subject of that subpoena that you've been served and that you've been given, you're going to in fact give information, you yourself may have just exposed the company or yourself to potential liabilities for in fact violating the terms of the subpoenas.

Julienne Bramesco: I've also seen that attached when you get subpoenas from the Department of Homeland Security or sometimes attached to an immigration matter where they're marked confidential.

Ron Hicks: Exactly, and it's those types of administrative proceedings and subpoenas are the ones that you have to be really careful about in terms of who you talk to, who you disclose it to and what actions you take.

But, overall, the subpoena is basically a writ and people need to understand and remember that a subpoena is in fact an order. A lot of my clients call and say "Do I really need to respond to this subpoena yet because it's not a court order." A subpoena is a court order. It is a formal written order, it's being used for some purpose in a proceeding, and you do have to respond to it.

Julienne Bramesco: OK and the subject today we're going to talk about civil subpoenas as well as government subpoenas?

Ron Hicks: Yes, I mean generally the response that I'm going to give to you and the five steps that I think you need to take would apply to any type of subpoenas because some of the risks and some of the stuff we talk about may not apply to all types of subpoenas. But, it's the thought process that everyone needs to get in their heads in terms of how they should treat subpoenas.

Julienne Bramesco: Right and our members love check lists so this is great.

Ron Hicks: So, here's the five steps that we're going to try to talk about and like Julienne said that if you have any questions about any particular steps, let us know and send us an e-mail in the chat box. Basically what we're going to try to cover are these five steps.

The first thing is to learn about the lawsuit or the proceeding in which the subpoena has been issued. The second is to assess the risks internally about what it will cost the company to in fact respond to the subpoena or not respond to the subpoena. The third is to determine what possible procedural or substantive objections are out there. The fourth step is actually doing that, whether you yourself do it or whether you hire outside counsel to do it for you. Then the fifth is in fact

complying with the subpoena by actually either appearing in court and testifying or producing the documents.

Julienne Bramesco: Great well, I think sometimes we think that when we're, especially when we're in small law departments we think we should know everything that is going on all the time. And yet more often than not when you actually get a subpoena it's not something regarding a matter you've ever heard of before.

Ron Hicks: That's typically the response I get when people call me. They say "You know what, I don't know what this is about," And surprisingly. there are times when subpoenas have not been properly issued. That's why I say the first step has to be learn about the lawsuit.

The first thing that anyone should do besides calling outside counsel is do some back ground checking for yourself. Primarily speaking, subpoenas cannot be issues ex parte. There used to be this practice of people issuing subpoenas whether it be the Internal Revenue Service or a lawyer in a lawsuit to try to get somebody's documents without actually filing a lawsuit.

Well, as I said, the subpoena is a court order and if there's no actual proceeding pending, you can't issue a subpoena. So, when I talked about learning about the lawsuit, what you need to find out is: is there in fact a lawsuit? You should look at the subpoena and you should see that there is a caption at the top of the subpoena that will give you the names of the parties. But more importantly, the caption will give you the court out of which the subpoena is issued and a case number. So with today's technology, you can actually go online using Pacer or some other service and find out about the lawsuit. You'll be able to see whether in fact there is a real lawsuit. Is it in fact a pending lawsuit? Is this a discovery subpoena or what type of subpoena it is? Only then, will you find out whether or not it's been validly issued. So, that's one of the first things I think you need to do in terms of learning about the lawsuit is find out if the subpoena is a valid one.

Other things that you need to find out in terms of learning about the lawsuit is when you see a subpoena, you're going to see that it's going to have the name of who issued that subpoena. We generally refer to them as the issuing attorney because, contrary to what most people believe, most of the laws in both federal and state courts allow the attorneys to actually issue the subpoenas. You don't actually need a court order to do a subpoena anymore.

So, you'll get a subpoena. It will have a name; it's always required to have a name and a telephone number for whoever issued the subpoena. The reason for that is so that the person who has received the subpoena can call the attorney and ask him or her what is this exactly about? What are the issues in the case? Can you send me the pleadings so that I can find out whether or not the information you're requesting from my company is relevant to this lawsuit?

The other reason you want to find out about the lawsuit is - not a lot of people know this - but if you find out who the court is, it's important to look at the case and find out who the judge is. Especially if you do a lot – if it's a subpoena issued out of federal court - you'll be surprised to find out that not only are there the normal set of federal civil procedure rules, but then each court has its own set of rules and each judge has its own set of rules about how to respond to things including subpoenas and when to file motions.

So, it's important to gather that information and you can either do it yourself or have some outside counsel do it for you. But, you need to know what the time periods are and what the judge expects out of you in terms of responding to a subpoena or filing a motion for a protective order and the like.

The other reason I think it's important - and this is more from an assessment and we'll get into this a little bit more about assessing the risks - but it's also to find out whether or not you're a target in that lawsuit. I have a lot of clients who will respond to a subpoena and say "We just

want to produce the documents; we don't want to get involved in this lawsuit." Then after they've produced the documents or they've cooperated and testified, they find out that they're being added to the lawsuit as a defendant because now they had some relationship with the defendant who is being sued.

So, if you know that up front and you've read the lawsuit and you see what the complaint's about and see what the claims are, you then think about: "Well, maybe, I should be objecting; maybe, I shouldn't be producing all these documents;, maybe, there are privileges that I want to assert." So, it's important that you find that out early on.

Julienne Bramesco: Well in our business we also have third parties involved. There are owners sometimes who are involved and have some opinions about the lawsuit or are involved in the lawsuit in some way and so it's important to know what those issues are.

Ron Hicks: Exactly and my last tip on terms of learning about the lawsuit is, don't be afraid of calling the opposing counsel, who is the person who did not issue the subpoena but represents the other party, because that party is aware of what the issues are.

For example perhaps maybe you know this is a lawsuit between Company A and Company B. Company B is the one who has issued the subpoena seeking more information about a particular contract that you had with Company A.

But, yet, Company A has produced has produced all the documents. If that's the situation and you have no further information on what Company A has, then you at least have a basis to go in and argue that this is an undue burden to respond to the subpoena because there is no further information going to be gathered at least in terms of documents.

However, you'll only know that if you in fact call the counsel for the other party who has not issued the subpoena and ask him or her "What is actually going on in this litigation? What has been produced to date? What documents are they looking for or what testimony are they looking for?"

Julienne Bramesco: And do you find counsel pretty forthcoming when you make these calls?

Ron Hicks: Yes, yes. Generally speaking, you'll find counsel who are interested in trying to get information primarily because of the fact, at least in federal court there's such a short period of time in which to do discovery to gather the information, so they all try to be very cooperative.

Julienne Bramesco: OK. Now in terms of assessing the risks, what kind of risks are we talking about?

Ron Hicks: Basically, I've divided them up into five categories, because they're the ones that most people think about. There's the monetary cost, that's the response costs. But more importantly, there's the relationship cost. There's the cost of other lawsuits that maybe filed against you, so you actually become a party or you actually get joined or suedf. And then there's the harm from public disclosure that may exist if you in fact disclose information that was privately held by maybe for example one of your employees that now is exposed and now you're looking at another lawsuit in that regard.

In terms of response costs the question that generally comes up, most of you probably know if you've been served with a subpoena that you get the appearance fee. And most of you think "Why did you even give me the money" because most appearance fee checks are so small it just doesn't cover the cost of actually responding to the subpoena whether it's through testimony or documents.

The key to remember about appearance fees is that the federal rules do allow in some circumstances the responding party to receive lost earnings. It's hard to get, but it's something

that you need to keep in mind, especially if it's a situation where you're being asked to produce a lot of documents or you're being asked to testify three or four days out of the office. If that's the situation, you want to respond to that issue right up front by filing some type of motion and document that this is how much time it's going to cost for us to respond to the subpoena and we would like compensation in that regard.

A number of clients also ask me whether or not they're entitled to get their attorney's fees. Generally speaking, the answer is "no." There are not many courts that will allow the recovery of attorney's fees in responding to subpoenas.

However, again, if you're able to demonstrate that the subpoenas are so overly burdensome and so in order for us to respond we would have to engage counsel to protect the privileges and the like, then the court may be convinced in some circumstances to in fact grant some portion of attorney's fees in responding to the subpoenas. Again, it's all something that you need to think about up front whenever you get the subpoena and talk to the people who have the documents or who maybe testifying as to what that cost might be.

I think the more important assessment of risk is what I call the relationship cost: How is this going to affect you if you respond to the subpoena vis-à-vis your relationship with the parties in that lawsuit? The two cases that I've mentioned there, the Owens versus QVC and the NMH versus Ashcroft, are cases in which the person who got served with the subpoena had objected to the fact that if they produced documents they may be affecting their relationships with other people. For example, in the Ashcroft case, the person who got served with the subpoena was actually the Northwestern Memorial Hospital. It was being asked to, it had been served by the Department of Justice to in fact produce all of its medical records regarding certain patients upon whom late term abortion procedures had been performed. And the Northwestern Memorial Hospital went in and filed a motion for a protective order and argued if it responded to the subpoena by the Department of Justice, it would be hurting its relationship with its clients and maybe infringing upon various privileges, doctor-patient being the most important one. Also, the hospital was concerned about its goodwill and its relationship with its patients if it responded to the subpoena because of the fact it would be disclosing the names and addresses of people who had in fact had late term abortions.

The Seventh Circuit agreed. It said in this type of situation the relationships were more important than the Justice Department's need for the information, that there were other ways to get the infromation. So, those are the types of things you need to think about whenever a subpoena comes down.

I mentioned this before, the costs of becoming a party and the other lawsuits. There are situations where the subpoena really is not trying to get information for that particular lawsuit but actually trying to build another lawsuit against you, the person who has received the subpoena. And you need to figure that out. Generally, that's not a risk that will provide a basis for a motion for a protective order. But, if you know up front that your company is being a target or may become a target, you may think about whether or not you want to in fact testify or whether or not you do want to produce documents or at least limit that testimony.

The one thing that everyone should remember is that the self incrimination privilege generally doesn't apply to corporations; it only applies to individuals. So, I've had a number of clients call me and say: "Our company may be in trouble here and we want to plead the Fifth." Unfortunately, the Fifth Amendment doesn't apply to organizations. But, you've got to think of other ways that perhaps maybe you testify but don't give all the information out because of some type of privilege.

Julienne Bramesco: That's very interesting. It's something I'm sure we haven't thought about.

Ron Hicks: Yes and then the last thing about public disclosure which I think generally I find most of my clients are concerned about are really their trade secrets. If they're going to give this information out, how is that going to affect their business because now they've given information in the lawsuit to which they're not a party, but it happens to be between two of their competitors, and they want to make certain that their trade secrets are protected.

In most cases, courts generally don't use trade secret disclosure as a basis for not granting a subpoena or enforcing a subpoena. But, the court will in fact put protections in place to make certain that the trade secrets are not used outside the litigation and cannot be publicly disclosed.

So, sometimes, you may see that if you go to a court docket that the records have been sealed. Primarily, the reason for that, at least in civil litigation matters, is because there was information in there that the court deemed to be somebody's trade secret, and the court wanted to make certain that that information wasn't disclosed beyond the lawsuit itself.

Julienne Bramesco: I've had some good success with doing confidentiality agreements up front too.

Ron Hicks: Yes, and that's what you need to do. You need to think about that up front and determine whether or not this is a real risk and if it is a risk, then address it up front and address it with both counsel in the case. If neither one of those counsel are willing to sit down and talk with you and agree to a confidentiality agreement, then go right to the court and file a motion for a protective order on the issue.

Julienne Bramesco: Great. So let's assume it's a valid subpoena but we've other reasons why we don't want to respond to the information, what are the – how do you object? What's the process and what kinds of objections can be made?

Ron Hicks: Well, the process can be as informal as a letter. But, really there's basically two ways to do it. You can do it as a letter, or you can do it as a formal motion for a protective order. In the sense of procedure, that's basically how you do it in terms of the form.

As to the objections, they themselves can include both procedural objections as well as the substantive objections. The procedural ones are ones that talk about whether it was done on time, whether it's a timely subpoena, whether it was served by the right person, those types of things. Whereas, a substantive objection may go along the lines of, you know, burdensome, it's not seeking relevant information.

All of those objections, however, require you to think of them up front because just because you raise it at one point, you don't have the ability to keep raising them. So, you got to figure out what all your objections are up front and do you want to raise them, and then in fact raise them all at the same time. If you don't raise them all at the same time, the court may determine that you've waived it or you may have waived it by responding to a subpoena but not preserving your objections. So it's important that whether you do it by a letter or do it by a formal motion or do it by a formal response, you somehow preserve your objections and make certain that you're not in a situation where you have waived any of your objections.

Julienne Bramesco: And one thing that's always confused me is the time period for doing that.

Ron Hicks: Well, the time period, and it looks like this particular slide here got a little muffled here on the procedural objections, but the biggest thing on procedural defects, is, especially in a federal court subpoena if you look at the subpoena there is going to be a date as to when you have to respond. So, you want to look at that date first. If that response date is more than 14 days from the day you've gotten served, then your response or the time period in which to object to a subpoena is actually 14 days under the federal rules. And the federal rules, when it's more than 11 days, you do count Saturdays and Sundays. So, that's two full weeks. If the response

date is less than 14 days, then the time period in which you have to object to a subpoena whether for procedural grounds or substantive grounds is the actual response date.

In terms of procedural objections, there are a number of procedural objections you can raise. The most notable ones that people call about is whether or not the appearance fees have been tendered at the time the subpoena was issued. You have to really check to find out what your state requires. I know here in Pennsylvania, the fees do not have to be tendered with the state court subpoena unless the witness asks for the fees. So, it's not unusual for our state court subpoenas to be issued without the fee check or the appearance fee check being tendered, because our state rules don't require it. In contrast, if it's a federal court subpoena, the subpoena is deemed to be invalid if the appearance fee is not tendered at the time the subpoena is served on the company. So, you really have to know your own particular jurisdiction's rules and what kind of subpoena it is.

In terms of the fees, they are dictated by statute. In Pennsylvania, we're not very liberal in terms of appearance fees. It's only basically $0.05 a mile and a $10 fee to appear in court. In federal court, it's up to $40 and then a much more significant mileage fee. But, you need to know that up front and, if you're uncertain, ask for the fees when the subpoena is served.

Julienne Bramesco: The 100 mile rule has been one of my favorites. You know I've had offices here in Washington, D.C. and Rockville, Maryland and occasionally you'll get an out of state subpoena that's not you know just across the river that's hundreds and miles away and it's a little confounding for the clients. They're just not sure what to do with it.

Ron Hicks: Yes, basically, the 100 mile rule comes up on federal court subpoenas in contrast to state court subpoenas. It's important to know that, because like, for example, in Pennsylvania, I can issue a subpoena out of Pittsburgh and serve it on somebody in Philadelphia, 6 hours away which is what 350, 400 miles away, and I can compel that person to come to Pittsburgh because our state rules say that a subpoena is valid throughout the entire Commonwealth of Pennsylvania.

Under the federal rules though, if you want to require somebody to produce documents or testify, then that subpoena and the location of the production of the documents or the taking of the testimony has to be within 100 miles of where that person resides. The one little twist to that is, not only does it have to be within 100 miles of where that person resides, but it also has to be within a judicial district from which that subpoena is issued. For example, in Pennsylvania, we have three federal judicial districts, the Eastern, the Middle and the Western districts. So, if you're right near the cusp between the Western District and the Middle District, you have to make certain that you find out where that company is located and if you're in the Western District, then your subpoena has to be issued out of the Western District and you have to be compelled to produce documents or take testimony within a 100 miles of that location as long, as it's in the Western District.

If it's beyond that, that gives you an ability to object. Now it's not iron clad; but it gives you an ability to object and say "I shouldn't be burdened with the expense of producing documents a 100 miles away from where I'm located, or traveling 100 miles from where I'm located to testify." For the most part, courts will in fact recognize that and they'll make adjustments. They'll either assess the travel costs against the person who has issued the subpoena. In some cases they will strike the subpoena and say that it's invalid and should not be permitted under the federal rules. But, it all depends on the jurisdiction.

Julienne Bramesco: Wow, so you really have to check your local rules as well as the state or federal rules every time don't you?

Ron Hicks: Yes, you do, you do. The other thing in terms of procedural defects that I always like to talk about is the issuing signature. I have some subpoenas, or I have some clients who call and say "I've got a subpoena but it was never signed by anybody."

Unfortunately, signatures are what the courts have determined to be amendable defects, so it doesn't really render the subpoena invalid from the beginning. Where it'll render a subpoena invalid at the beginning at least with regard to the federal court is if it's beyond 100 miles and if the fees aren't tendered. Most other procedural defects generally aren't going to be a basis to deny a subpoena.

And let me just throw in one other one and that is: beyond the close of discovery. There is, at least among the federal courts, it's uniform in thinking that subpoenas are only for purposes of discovery and not for noticing depositions that can be used for trial. We used to call them depositions de bene esse, which were depositions in preparation for trial. Under the federal rules, those depositions don't exist.

So, when I talked about earlier about learning about the lawsuit, if you find out that the discovery period closed in the case and yet the plaintiff's lawyer or the defense lawyer has issued a subpoena on you asking you to testify and produce documents beyond the close of discovery, you will be successful in filing a motion for a protective order and having that court quash it, unless the plaintiff or defendant can come up with some reason as to why the subpoena has been issued beyond the close of discovery without court permission.

Julienne Bramesco: And again that's under the federal rules, is that right?

Ron Hicks: That's under the federal rules and, as far as I know, most state rules follow the same thing. Once a case management order has been entered and the parties have been told this is the amount of time you have for discovery, if you ignore that and try to issue subpoenas after discovery, the courts are generally sympathetic to non parties about going in and saying "I shouldn't have to comply with this because you've already told the parties that their discovery is over."

Julienne Bramesco: OK so now the most common objections that I've seen are relevancy and undue burden. So let's talk about relevancy first how irrelevant do the documents really need to be to have a relevancy objection that passes the red face test?

Ron Hicks: Well, they really have to be irrelevant, and unfortunately it's a very tough standard to prove. You've got to keep in mind that relevancy doesn't mean that the documents would be admissible at the time of trial. Instead, it just means that it has some information or documents that might be relevant to some claim or defense in the case.

Really, the relevancy objection just requires the court to say "Is that request for information or is this person who has asked for the information, or is being asked to produce information, would they have some scintilla of evidence that might prove one of the claims or defenses in the case?" For most part, courts will find reasons for why documents are relevant or testimony is relevant.

So, generally speaking, if that really is your only basis for objecting to a subpoena, I tell my clients: "Don't waste your time. Go ahead and produce the documents, and go ahead and testify, and don't waste your breath on just raising that one issue."

Julienne Bramesco: OK.

In contrast, the undue burden one is one that you really do need to take some time and determine, especially in this age of E-discovery. It really behooves people who have been served with subpoenas to find out really what the costs are to responding to a subpoena. And if you can document that it's going to cost you "X" amount of dollars to do this, that you may need

to spend three days going through our servers to find this information, and this is what the cost is to do that, then you have pretty strong evidence of the fact that this is a burden to you and the courts may say -- not that they'll wipe out the subpoena or say no you don't have to respond to it -- but they may put the costs on the party who has issued the subpoena to in fact pay for it. You may see this a lot.

I see this a lot at least with regard to banks, where once they get a subpoena one of the first things they do is they calculate what the costs will be for production. And they'll send a letter back to us and say "Okay, we've gotten your subpoena. If you want us to respond to this, this is how many records that we think we have and this will be the cost for producing it, are you going to pay for it?" If somebody says "no," then they'll call their outside counsel and file an appropriate motion to say look we're willing to respond but we shouldn't incur the costs for producing.

Julienne Bramesco: But this would be something you would really have to have some facts to support it, you couldn't just make an undue burden objection without having some back up for it, is that right?

Ron Hicks: That's correct. Another basis on which the courts have found that there's an undue burden is basically the untimeliness of the subpoena. It was served at 1:45 p.m. for a deposition to commence at two o' clock that day, that's not enough period of time. But, 24 hours is in fact a sufficient period of time depending on what court you're in.

Julienne Bramesco: Oh that's scary.

Ron Hicks: Yes, it is, and again it depends on the immediacy. A lot of the subpoenas that you will be getting from, that you may get from government organizations, have very short periods of time to respond. But, the courts are not willing to say that they're untimely or that they are a burden because sometimes they're able to demonstrate that they in fact need that information.

I see that a lot in like trade secret cases, patent infringement cases, where somebody has gone to market and they need to have the information rather quick to prove that in fact the injunction should be granted. You'll see courts sympathetic to that.

Julienne Bramesco: Does the company's business or the lawyers workload ever enter into whether something is burdensome or not? I'm thinking when we were about to open the National Stadium here there was one week I wrote eight contracts and I think if I had had a subpoena come through that week I think it would have been the last thing that made me jump out the window.

Just so the fact that the company may have a big project coming up or the lawyer has something else, is that ever something you can use as an undue burden objection?

Ron Hicks: You might be able to use it. I don't think you would be as successful with regard to the attorney. Again, it depends on the nature of the business and you know how many other people are there to in fact assist with the response. If you're the solo attorney in the office and nobody else can gather that information, you might be successful in arguing that. I've been able to argue, you know, that people's vacations have already been planned and they're the only people there. But, generally, that happens when you have a smaller organization. If you have a larger organization, the court's response will be: "Get someone else to get the information for you."

Julienne Bramesco: And I think I've heard that one when I've been in large law as well. The other one that really interests me is the other means. It's so often that you get a subpoena and you look at it and you say why are they bothering us? They could get this information from someone else. Is that something that could be successful?

Ron Hicks: Yes, it is. Generally speaking, this is where you go back to the first step that I talked about learning about the lawsuit. If through conversations with the counsel, you figured out that there have been 50 interrogatories, 300 documents exchanged, that the issue in the case is only one issue you know they don't need to explore the world to resolve this issue and the court might agree with you and say, "Enough discovery has been done." Or the other response might be: "Look, you've not even asked the plaintiff for this information first. Talk to the plaintiff see what documents he has then, if you can get the ... if there's something missing, then come to us as the non-party and we'll fill in the gaps." And the courts are very sympathetic to that.

I mean, and again it depends on your court, but if the case has been going on for a long time, there's already been a lot of discovery done or there hasn't been any discovery done, sometimes the courts will say first go do your discovery and then only ask for whatever missing information hasn't been gathered yet.

Julienne Bramesco: OK well that's a kind of a nice segue into talking about possession, custody or control.

Ron Hicks: Possession, custody or control is an issue that I have a lot of clients say: "It's really not in my possession; instead, it's in the hands of my accountant." That's not going to fly. You know the definition of actual possession custody or control is whether or not you have either physical possession or the legal right to demand that the documents be produced.

So, for example, whether it's your accountant or whether it's your lawyer or in some cases whether it's your bank. You may have the ability to command certain documents to be produced. Generally, where I see this coming up is when you're dealing with parent and subsidiary companies, and whether or not service on a parent would require subsidiary or parent to ask the subsidiary to produce documents.

Unfortunately, there's no bright line rule on that. It really does depend on the jurisdiction and how close the interaction, or inter-relationship is between the parent and the subsidiary.

But, everyone needs to remember that possession custody or control is more than just physical possession. There are times when you can in fact be required under a subpoena to ask your accountant, ask your lawyer and then sometimes maybe ask other third parties to produce documents if you have the right to demand that those documents be produced.

Julienne Bramesco: And does the cost or the ease of obtaining those documents from a third party ever come into play?

Ron Hicks: It will. It will. Generally, you see that when again you're talking about the burden issue. If in fact you know it requires you, if your accountant is in California and you're here in Pittsburgh, you may be able to argue that you know there's a burden or at least an associated cost from having those documents shipped back.

But again the court is going to look at it and say: "Who is the one who made this decision?" Did you make that decision because you wanted to make certain that you were insulated from subpoenas. I've seen that argument being made. But, again, it's an issue that is decided on a case by case basis in which you're going to have to demonstrate that you really don't have possession of a document and you don't have the legal right to get them back.

Let's talk about another thing that I've heard people talk about or at least clients call me about, which is whether or not there's a reasonable response time.

Julienne Bramesco: Yes it seems like if they give you a month that's probably reasonable and if they give you a few hours that's probably unreasonable but somewhere in between is a lot harder for us to determine.

Ron Hicks: Exactly, and again, it really depends on the nature of the request. For example, there was one case in the Ninth Circuit, where the defendants were seeking 20 years of employment records and they wanted them within like 48 hours and of course that's just unreasonable. There's no way you can expect to have that many documents produced to you in that short period of time.

So, it really depends. You have to look at what's the nature of the request, how many documents are they looking at, how much time do they want you to spend, and how much travel do you have to do.

I mean, for example, if you're being subpoenaed to appear in a four week trial, or you're going to be out of the office for four weeks, but you've just been given the notice 24 hours ago, the court maybe sympathetic to you and say: "I don't think this organization should be required to send anybody to this trial to sit there for four weeks when they just got 24 hours notice and they've have all these things coming up and let's just throw in one other thing, that it's tax season." The court may say" "You're right. You don't need to respond to this subpoena. You should have been given more notice, especially because this trial was scheduled two years ago."

Julienne Bramesco: This is also one of those areas if I remember correctly that you can have a local rule that can help you. I think – I haven't done this kind of work in a very long time but I think the last time I looked at this there was at least one local jurisdiction that had a rule stating what reasonable was.

Ron Hicks: Yes. It's hard to find, but there are some courts that will define that; sometimes it's defined by case law. In Pennsylvania, we do have case law out there that says 24 hours notice or service of subpoena does constitute reasonable notice.

Julienne Bramesco: Wow.

Ron Hicks: And you have to demonstrate why that 24 hours is not reasonable. So, it depends. It's a jurisdictional issue; but, again, it really comes down to the court's discretion and really depends sometimes on what side of the bed the judge woke up on that day as to whether or not he is going to be sympathetic to your cause on that day or not.

Julienne Bramesco: It seems to me to be one of those areas where you really should be picking up the phone and talking to the attorney on the other side.

Ron Hicks: Exactly, exactly.

Julienne Bramesco: That's probably the most expedient way of dealing with it.

Ron Hicks: Right.

Julienne Bramesco: Well trade secrets scare us all. You know you got a subpoena and it's asking for your financial data for the last 6 months or some other process that you don't want out there. But it's still a court order as you've told us, so what's the best way to handle trade secrets?

Ron Hicks: I'm going to mention the federal law because there's not a lot of state law on the issue;, but, it is evolving because the states are looking to the federal rules. Federal Rule 45 which is the rule that governs subpoenas does actually have a specific section which allows the court to in fact quash the subpoena in order to prevent the disclosure of trade secrets and confidential information.

Unfortunately, the rule is not absolute. Again, it's discretionary. And when you do look at the case law on these issues, on this particular issue, it's rare to find a federal court that has in fact

quashed a subpoena solely on the basis of the fact that it would involve the disclosure of trade secrets or confidential information.

The reason for that is that the rule also says that if the party issuing the subpoena can show that there is a substantial need for the information that can't be obtained otherwise without undue hardship, the court should order the production of the information. But, as you mentioned earlier, Julienne, you put certain protections in place.

For example, you talk about confidentiality agreements. You talk about limiting the number of people who can in fact see it. Many people might be familiar with the fact that there's a confidentiality provision that talks about "Attorney's Eyes Only." What that means is that only the attorneys in the case and their law firms and, in some cases, their experts and the judges themselves are the only ones who are allowed to see the document. The litigants themselves can't see it.

So, there are those types of protections that can be put in place. And so you rarely find any cases out there where in fact a court has just quashed a subpoena on the basis of trade secret or confidential information. Instead, the courts look to find other ways to resolve it, and in more cases than not, those issues are resolved because counsel pick up the phone and talk about it.

Julienne Bramesco: And I was just going to ask you is it a similar standard to general discovery rules are you better off going into court if you've tried to resolve the issue with counsel directly and then had some difficulty?

Ron Hicks: Well, actually, the way the federal rules are set up any more, you do have to have that pre-conference on any discovery dispute and that pre-conference applies to both parties as well as non-parties.

Julienne Bramesco: Oh good point.

Ron Hicks: So, you can't just go in and say "I haven't been a party; so I didn't participate in the conference." You have to have that type of conference. You have to pick up the phone. You have to write a letter and make some effort to try to resolve it amicably with counsel or amongst the parties before trying to file that motion.

Julienne Bramesco: Now we could probably spend hours talking about privileges but for the benefit of our very busy in-house counsel, what are some of the things that people need to be watching out for aside from you know reviewing all the documents and looking for your own signature and those kinds of things. What are the privileges that we need to be concerned about when looking at subpoenas?

Ron Hicks: Well, obviously, you've got the attorney-client and the work product privilege, and I think that's the one that, you know, at least with regards to federal law, that's the one that will always be the privilege that everybody looks at and will be a really good basis to in fact withhold testimony or withhold documents.

The other privileges that I put up there are ones that you may want to think about depending on your state. After the webinar, actually probably next week, I'll put up some written materials to give you a better idea of what each of these privileges are and where they emanate from. But, for example, in Pennsylvania we have an accountant privilege... not many states have that... but it basically mirrors the attorney client privilege whereby anything that you say to your accountant is privileged. So, if an accountant is subpoenaed for records, then the accountant can assert the privilege and say: "I can't produce these documents; instead, you have to go talk to my client and ask the client for permission to produce them."

The problem with the accountant privilege is that "yes" it works in state court but guess what? It doesn't work in federal court. The reason why is because in federal court, the federal rules don't recognize the accountant privilege and that's a mistake that a lot of people make.

I know Michigan is another state that has the accountant privilege and a lot of people think that when the IRS serves their accountant with a subpoena the accountant is going to say: "I don't have to produce your company records to the IRS because I have a privilege." Well, unfortunately, the federal courts don't recognize state court evidentiary privileges and so "yes" your accountant is in fact disclosing, or may be compelled to disclose information to the IRS or some other governmental authority, if in fact your accountant has been served with a subpoena. It's these types of things you need to think about.

And, just as an aside, you know you may also want to think about whether or not you want to have these documents in another party's hands if in fact these privileges aren't going to be a basis to withhold documents. I know I have a number of clients who have re-thought about whether or not they should be sending all of their documents to their accountant to hold, particularly their financial records. Because they always thought that the records were privileged and that the accountant couldn't be compelled to produce them if they got served with a subpoena. Now the case law, at least in our state, is that the state law privileges don't apply.

Julienne Bramesco: Oh so you really have to be careful about making sure that you know your state law as well as your federal privileges.

Ron Hicks: Exactly.

Julienne Bramesco: And matching them up.

Ron Hicks: Exactly, you know the other privileges there that I have -- the tax payer privilege or the Sarbanes-Oxley privilege or the self critical analysis privilege -- those are ones that are industry specific. The self critical one is actually if you deal with hospitals and you've done your own self critical analysis about a particular incident or a particular department's processes and stuff there are privileges built into the statute that say that you do not have to produce certain information to certain organizations.

So, you just want to make certain that you're aware of those privileges and if you intend to assert them, you need to make certain that you assert them.

Again, I think I mentioned this fact about banks, but it's a question of privacy. A lot of banks will in fact do the investigative aspect by giving notice to their customer to let the customer assert the privileges or assert the privacy that they want to assert.

And again that's all – those are all the things you need to think about when you're served with a subpoena. What should I do to protect this information? Should I in fact protect it? Am I going to be liable if I don't assert this privilege or at least give notice to the person who holds the privilege?

Julienne Bramesco: OK.

Ron Hicks: In terms of objections, I mentioned this before. In terms of presenting the objections there's really basically two ways to do it. State courts, most of the state court rules I've seen, you actually have to file a timely motion for a protective order.

The federal rules, they give you two options. If you ever read or get a subpoena, you will see on the back of the subpoena in the very small print is Section C out of Rule 45 in terms of how to respond to a subpoena. It's a combination of both a motion for a protective order, but also if there is a document request attached to the subpoena, you can simply object to producing the documents within the 14 days and that will at least protect you with regards to that document with

regard to that aspect of the subpoena. You may also decide – and, generally, I'll do the objections -- but sometimes if they also want testimony I'll file a motion. It all depends on how cooperative the counsel are in terms of getting them resolved. But, sometimes it's simply just objecting to the subpoena. And the great thing about that, you can do it by letter, and then it places the burden on whoever issued the subpoena to really decide do they want to come after you to get the documents or are they going to try some other means to try to get the documents for somebody else?

I've been successful several times where the issuing party just says: "I read your objections. You're right. I issued the subpoena out of the wrong court, and I didn't pay the fee. That's because we don't want to pay the fee. I guess we'll have to think of another way to do it." So, they decide to go talk to somebody else and that person complies. You're done and you've complied with the order and you can't be held in contempt because you served objections which the other side doesn't want to try to strike.

Julienne Bramesco: Which is where really doing your homework really pays of big. But that doesn't happen – we can't expect that every time.

Ron Hicks: No, no, not at all. But, the key to remember on presenting objections is that whoever is doing the objection, they have the burden of proving that their objections are valid. So, if you're going to go in and argue undue burden, you've got to make certain that you have all your ducks in a row and that you can demonstrate the burden. You can demonstrate the cost to you, and if it's necessary, maybe sometimes you put together an invoice.

I mentioned E-discovery before. It doesn't hurt to have an invoice from an E-discovery vendor saying this is how much money it will cost for us to pull these documents from the system and tabulate them and get them ready for production. If the court sees that it's going to cost $10,000 to a non-party, the court maybe sympathetic; as opposed to if it's only going to cost $500, the court may say: "Well, I'll just assess that against the party who has issued the subpoena and go ahead and produce the documents."

Julienne Bramesco: Right and who you are really makes a difference too.

Ron Hicks: Yes. The last thing we talked about was you know on the five steps is you got to make certain you comply with the subpoena. I really stress this with my clients.A subpoena is a court order; you can't ignore it. If you don't comply with the subpoena, you may find yourself back in front of that court not responding to the subpoena, but dealing with contempt issues.

Julienne Bramesco: And then it's pretty hard to get the judge to have any sympathy for the burdensomeness at that point I would think.

Ron Hicks: Exactly. In fact, not only are you now facing contempt issues; but, the court may say that any burdensome issues or objections you may have had have been waived.

Julienne Bramesco: Is there any particular form that you recommend for responding to subpoenas?

Ron Hicks: No, because the problem is that each subpoena may be unique. Generally speaking, whenever I have a client call me about a subpoena that's been issued and they want to talk about it, I go through this five step process.

We talk about what are the risks? Why is this subpoena issued? Have you talked with the other side? Do you know what the exposure is going to be to you if you in fact comply, and we just talk through it. Then if there is a letter that needs to be written, we'll put together the letter. If they want to file a formal motion, we'll go through the motion. But unfortunately, each court and each judge has their own system set up in terms of how they want motions and do they want briefs and stuff like that. So, it's hard to basically come up with a canned document in that sense.

Julienne Bramesco: I see. Now something that we deal with a lot and I've dealt with a lot as an employment lawyer is when you get subpoenas for records, employee records in particular are the ones in particular I'm thinking of, where the employee may or may not be aware that the subpoena has been issued.

And so we always struggle and the human resource service is kind of struggling with the idea, should they let the third party know, or maybe it's a marital dispute and you get a subpoena for documents, what do you advise your clients there?

I understand obviously if it's, obviously if it's confidential you can't let them know, but I know it makes, particularly the HR people when you're dealing with employees really uncomfortable to be providing personnel matter to a third party without at least letting the employee know.

Ron Hicks: I always recommend to my clients that, in fact, they give notice and, if at all possible, they get something in writing from that person indicating that he or she consents. That's where I think it's key to get involved, because generally speaking those lawsuits are ones where the person at issue is in fact a party to the lawsuit. So, I always like to talk to their counsel and make certain that I have a communication with them. That I either get their acknowledgment in writing, or I do it as a follow-up letter to that person which says that you have acknowledged that this document involves your employment records and that you're okay with releasing these records to the defendant in this case.

It's important because when I talked about potential risks, that's one of those risks. Are you going to become a party to another lawsuit because you in fact disclosed records that the person subject to the subpoena, or at least who is the subject of the subpoena, now is saying they should never have been released?

Julienne Bramesco: I'm sorry and don't you also want to give them time to move to quash it potentially?

Ron Hicks: Exactly. I mean, that's the other thing and that's why you see banks do this all the time. Banks will, they have a process down that when a subpoena comes in, they send out a notice to whomever the subject of the account is, if they're looking for bank records, and let them know that "Here's the subpoena. Here are the response deadlines. If you want to go in and file your own motion for a protective order, we suggest you do that and just keep us abreast." But, if they don't get a court order which says that this subpoena has been quashed or get a letter from the attorney who has issued it saying that the subpoena has been withdrawn, they're going to comply and so it really pushes the burden onto them.

It's not fail safe because then if, for example, -- and this is the generally where the harder part comes in -- the person whose information is private does come back to the bank and says "I think it's private. I don't want you to disclose it." And you say "OK, but you need to go and get a motion for a protective order," and that person says "No. I don't want to spend the time doing that; I'm telling you don't disclose it."

In those situations, I think you're better off going in with a motion for a protective order and explaining it to the court: "Look, we're trying to be compliant. However, our client is telling us that they deem it to be highly confidential information that they do not want to be disclosed. So, in order to protect ourselves, Your Honor, we would like a court order that requires us to in fact do what the subpoena asks which is itself a court order, but we want that extra protection knowing now what we have been told." Generally speaking, when you serve that type of motion, you serve the person who is objecting to give them the opportunity to come to court to protect themselves. And then if they don't, you have at least two court orders because you got the subpoena plus then you have the order granting the motion for protective order. That way, the chances of the person then suing you because you've complied with both of those court orders in order to avoid contempt are slim to none.

Julienne Bramesco: This has been a great refresher Ron and I you know I constantly marvel at how I ever practiced law before the Internet, because there's so much more information available. One question that I'd ask which I think would really benefit our members is do you have any advice in terms of best practices for receiving subpoenas?

You know one of the big issues is do we get them timely in the legal department. What kind of instructions should we send our people or what do you recommend in terms of just process?

Ron Hicks: Well, I think, and this was going to be the last tip I leave with everybody, is that you really need to train, have one central station for this type of information. So, if it's your receptionist who is going to be handling this or that, or if it's only the legal department who gets it, you make that known up front in your organization. That way, if a subpoena comes by sheriff or a process server, they'll be told they need to contact one person and that person is the one that handles it.

The reason I say that is because the one aspect that we didn't get into in this webcast is that you really need to make certain that you place the appropriate litigation holds which is a whole other webcast that maybe we'll do.

Julienne Bramesco: Right, right.

Ron Hicks: But, if you keep it down to one person and everybody in the organization knows that this is the person or the department that is supposed to handle subpoenas, then you'll be able to make certain that the five steps that I've given to you today will be followed.

You see that a lot in banks, Julienne.

Julienne Bramesco: Right.

Ron Hicks: You know, you call a bank, and we actually call that department ahead of time and say: "We're going to serve a subpoena; here's what we want to do." And, they know the drill. They say "Okay, here's who you serve, this person is in this day. Here's what the fee check is going to be. This is what we expect to be paid. Here's what the costs are going to be." It makes it much more easier.

Julienne Bramesco: Well that's terrific and I really hope that you would be willing to come back and talk about litigation and holds with me some time. I think that that would be something really useful and if anybody is interested, I know there are some litigation hold documents that are in the virtual library on ACC's Web site but it certainly is something that we're hearing a lot about and we need to be prepared to handle.

So I want to thank you, Ron, very much for spending the time today, I know I learned some new things and I'm sure that our audience did as well. I also want to thank our sponsor. Meritas is a law firm association and Ron is the co-chair of the Litigation Section for Meritas. They have been sponsor for the Small Law Departments Committee for quite some time and have done just a terrific job and I want to make sure that I thank them for sponsoring this webcast.

This is again a production of the Small Law Departments Committee; we're small law departments we're not small lawyers. So thank you everybody and I hope everybody has a wonderful, happy and healthy New Year and we'll see everybody soon. Thank you, bye-bye.

Ron Hicks: Thank you.

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