

Protective Orders and Exclusion of Corporate Counsel From Access to Confidential Information

Joel R. Junker

Follow this and additional works at: <http://digitalcommons.law.umaryland.edu/mjil>



Part of the [International Law Commons](#), and the [International Trade Commons](#)

Recommended Citation

Joel R. Junker, *Protective Orders and Exclusion of Corporate Counsel From Access to Confidential Information*, 8 Md. J. Int'l L. 191 (1984).
Available at: <http://digitalcommons.law.umaryland.edu/mjil/vol8/iss2/3>

This Article is brought to you for free and open access by DigitalCommons@UM Carey Law. It has been accepted for inclusion in Maryland Journal of International Law by an authorized administrator of DigitalCommons@UM Carey Law. For more information, please contact smccarty@law.umaryland.edu.

PROTECTIVE ORDERS AND EXCLUSION OF CORPORATE COUNSEL FROM ACCESS TO CONFIDENTIAL INFORMATION

JOEL R. JUNKER*

INTRODUCTION

With the increase of litigation and regulation as a major factor in doing business in the United States, more business entities are employing their own corporate counsel. The presence of corporate counsel provides a company quick access to legal opinions without expensive retainers, a continuing review of company activities to monitor or prevent legal problems, and a litigator in residence readily knowledgeable about company positions and interests in the event a law suit arises.

The advantages of corporate counsel, however, have sometimes been neutralized in those cases where corporate counsel participation was most needed. Litigation concerning a company's most significant interests, such as intellectual property rights or business activity affected by antitrust and international trade laws, may involve protective orders that exclude corporate counsel from access to certain types of confidential information and testimony. In the course of discovery, corporate counsel is thus precluded from viewing information of a business confidential nature. During trial, testimony relating to business confidential information may be taken *in camera* with corporate counsel excluded from the courtroom. Corporate counsel, as a result of the protective order's terms, have a severely limited basis for participating in review, preparation and presentation of a case, and advising corporate clients and the outside counsel conducting the litigation.

There is a particular rationale used by courts and agencies for placing restrictions on corporate counsel which is intended to justify this marked deviation from the usual course of discovery. The reason, however, is not necessarily compelling in all cases and should not be allowed to limit needlessly corporate counsel's participation in litigation important to their clients. Recent federal circuit case law in the context of international trade regulation has affirmed such an approach by rejecting a doctrinal application of the rationale for excluding corporate counsel, in favor of a case-by-case analysis.¹

* J.D., California Western School of Law; L.L.B., University of Cambridge, Trinity Hall; formerly Assistant General Counsel at the United States International Trade Commission; currently practices law with Bogle & Gates in Seattle.

1. *United States Steel Corp. v. United States*, No. 84-639 (Fed. Cir. Mar. 23, 1984).

This article will discuss generally the rationale underlying restrictions on corporate counsel and then will examine more specifically the components of the protective orders which contain those restrictions. Next, the article will suggest a range of various steps which might be taken to prevent unnecessary limitations on participation of corporate counsel under protective orders.

I. RATIONALE USED FOR PROTECTIVE ORDER RESTRICTIONS ON CORPORATE COUNSEL

The system of litigation in United States courts and agencies contemplates the fullest possible disclosure of evidence within limitations of privilege, relevance, practicality and fairness. Thus, a protective order restriction on corporate counsel exists as an exception to the general rule of full and open discovery and trial. To justify this limitation, a court or agency usually will rely on parts or all of the following rationale.

The foremost reason offered for excluding corporate counsel from access to business confidential information under a protective order is that parties are afraid their most sensitive data will be used unfairly by or will fall into the hands of competitors. If such disclosure were to occur, a company very easily could suffer commercial injury or competitive disadvantage. A company might well win the battle by obtaining a favorable verdict but lose the war by failing to achieve a meaningful remedy, or even by being driven out of business.²

For all but the most cynical, however, there may not appear to be compelling reasons for excluding corporate counsel from access to business confidential information. Corporation counsel, after all, attend the same law schools, pass the same bar exams and have similar amounts of experience and expertise as outside counsel. More importantly, corporate counsel, being officers of the court, have the same ethical obligations as outside counsel, and in all likelihood are highly respected and honorable members of the profession. Despite all this, restrictive protective orders effectively disenfranchise corporate counsel from practicing their profession in important cases.

The reasons behind a protective order limiting the use of corporate counsel, however, are not intended as a comment on the individual integrity

2. See, e.g., *FTC v. Exxon Corp.*, 636 F.2d 1336, 1349 (D.C. Cir. 1980). Perhaps the most pointed example of litigation in which the risk of disclosure is of paramount concern to party is a trade secret theft case. "Unique to trade secret cases is the danger that the very information plaintiff seeks to protect will be exposed at some point in the case." Browne, *Protecting Trade Secrets in Litigation*, in *PROTECTING AND PROFITING FROM TRADE SECRETS* 88 (1979).

or the conscious abilities of counsel. A court or agency may consider the protective order as a cornerstone for the discovery of relevant evidence of a confidential nature and the development of an adequate record. While fundamentally important, the protective order is, in a sense, a fragile thing itself requiring protection; for even a doubt as to its efficacy, let alone an outright violation of its terms, could impede seriously the conduct and conclusion of a trial. Consequently, a judge may weigh very heavily any request to include corporate counsel under a protective order or any other activity which may cast a shadow across the protective order's perceived capacity to protect disclosure of confidential information.

More specifically, there are three primary reasons given most frequently for exclusion of corporate counsel from information under a protective order, despite their ethical obligations, good character and willingness to be bound by its terms. The first stems simply from the inherent fallibility of the human memory.³ With the passage of time, it is at best extremely difficult and inevitably impossible to remember whether certain information was classified as confidential, and further to segregate in one's mind and separate the use of confidential from non-confidential material in circumstances not related to the litigation for which the information was exclusively produced.⁴ Consequently, it is reasoned that regardless of the best efforts of corporate counsel, their having had access to an opponent's confidential information could not help but influence their decisions, opinions and advice in their normal daily activity.⁵

An example of this difficulty in a patent context would be the fairly common situation in which an in-house patent attorney preparing or prosecuting a patent application frequently suggests to an inventor that he perform certain tests to acquire more data in support of patentability. Corporate counsel who has had access to a competitor's technology would be required to perform an impossible mental task in order to determine what

3. "[I]t is very difficult for the human mind to compartmentalize and selectively suppress information once learned, no matter how well-intentioned the effort may be to do so." *FTC v. Exxon Corp.*, 636 F.2d at 1350.

4. "This preference [for nondisclosure to house counsel] is not based on any reservation as to the integrity of in-house counsel but is intended to avoid placing them under the unnatural and unremitting strain of having to exercise constant self-censorship in their normal working relations." *Atlantic Sugar, Ltd. v. United States*, 85 Cust. Ct. 133 (1980).

5. "The Court does not in any way doubt the faithfulness of house counsel in endeavoring to abide by the terms of any protective order. The issue concerns not good faith but risk of inadvertent disclosure. House counsel are employed full-time to advance the interests of their employer. They regularly meet with personnel of the corporation on day-to-day matters, wholly apart from this litigation." *FTC v. Exxon Corp.*, 636 F.2d at 1350, (citing *SCM v. Xerox Corp.*, No. 15,807 (D. Conn. May 25, 1977) (Pre-trial Ruling No. 44) (A.996-1000), *aff'd sub nom. In re Xerox Corp.*, 573 F.2d 1300 (2d Cir. 1977)).

tests he would have suggested to an inventor had he not earlier been exposed to a competitor's confidential technology. Similarly, if corporate counsel who previously had access in trade secret litigation to details of a competitor's economic data or trade secrets subsequently became an officer of his corporate employer, he could have a direct conflict between his obligation as an attorney to adhere to the terms of the protective order and his fiduciary duty as a corporate officer to exercise his best judgment to further the business interests of the corporation.⁶

The second major reason used for excluding corporate counsel by a protective order accentuates these dilemmas: it is virtually impossible to police a protective order once corporate counsel have been given access to confidential information. If corporate counsel were improperly or inadvertently to divulge confidential information or make use of such information for purposes unrelated to the litigation, it is often a remote likelihood that other parties or the judge would ever be aware of the breach of the protective order. Moreover, no order of any tribunal can police the segregation of thoughts in the mind of a party's employee. Consequently, the most effective protective order is considered to be one which is self-policing through the segregation of documents with outside counsel and experts.

A third reason given for protective order exclusions of corporate counsel is that effective sanctions for breach of the protective order may be either undesirable or unavailable. The ultimate sanction for a court would be contempt and disbarment or disciplinary proceedings. This prospect would be the least pleasant to any lawyer and may make the sanction the most effective. However, a judge may not assign it much value since it can be invoked only in the most egregious of circumstances, and even then with dubious effect on future compliance with court orders or preservation of the rights of private parties. This ultimate sanction is unavailable in many governmental agency proceedings where contempt citations are not within the powers of an administrative law judge.⁷ A form of disbarment is arguably available to an agency which provides in its rules for barring an attorney from practicing before it,⁸ but this sanction also may tend to be imposed

6. See *Pepper v. Litton*, 308 U.S. 295, 311 (1939); *FTC v. United States Pipe & Foundry Co.*, 304 F. Supp. 1254, 1261 (D.D.C. 1969).

7. See 5 U.S.C. §556(c) (1982).

8. Examples of agency regulations providing for bars to practice include: U.S. International Trade Commission, 19 C.F.R. §201.15(a) (1984); Dept. of Agriculture, 7 C.F.R. §1.26(b)(2) (1984); Business and Credit Assistance, 13 C.F.R. §§101.8-7, 110.4 (1984); Civil Aeronautics Board, 14 C.F.R. §300.20 (1984); Commodity Futures Trading Commission, 17 C.F.R. §§14.1-10 (1984); Consumer Product Safety Commission, 16 C.F.R. §1025.66 (1984); Drug Enforcement Administration, Dept. of Justice, 21 C.F.R. §1316.51(b) (1984); Federal Communications Commission, 47 C.F.R. §1.24 (1983); Federal Deposit Insurance Corp., §12

only in extreme cases.

Of lesser direct severity to the attorney but of significance to the client would be sanctions within the context of the issues being litigated. A judge could draw adverse inferences, exclude evidence of claims and defenses, or even render final adverse findings of fact relating to the information which was the subject of a breach of the protective order.⁹ The imposition of costs or attorneys' fees, ordinarily a potent sanction, is in all likelihood an inadequate method of compensation in the circumstances of a protective order breach. Expenses may not be used as a measure of damages which most likely would be incalculable.¹⁰

The short response to the general rationale for exclusion of corporate counsel is that these objections could apply equally to outside counsel. Nonetheless, many courts and agencies weigh against this argument the competing concern that the risk of disclosure is simply higher in the case of corporate counsel. In some cases this risk differential will be viewed in the court's discretion as large enough to justify drawing a line between two otherwise identical groups of attorneys.¹¹

According to the Federal Circuit, however, distinguishing between these two groups on the issue of access is unacceptable as a matter of law. In deciding who shall have access to the confidential information, the court must find that each set of facts satisfies the judicial tests involved. An indi-

C.F.R. §308.04(b) (1984); Federal Energy Regulatory Commission, 18 C.F.R. §1b.17 (1984) and §385.2102 (1984); Federal Home Loan Bank Board, 12 C.F.R. §509.3(b) (1984); Federal Maritime Commission, 46 C.F.R. §502.30 (1983); Federal Mine Safety and Health Review Commission, 29 C.F.R. §2700.80 (b)-(e) (1983); Federal Reserve, 12 C.F.R. §263.3(b) (1984); Federal Trade Commission, 16 C.F.R. §4.1(e)(2) (1984); Housing and Urban Development, 24 C.F.R. §2.13 (1984); Immigration and Naturalization Service, 8 C.F.R. §292.3 (1984); Dept. of Interior, 43 C.F.R. §1.6 (1983); Internal Revenue Service, 31 C.F.R. §§10.50-.75 (1983); Interstate Commerce Commission, 49 C.F.R. §1103.5 (1983); Dept. of Labor, 20 C.F.R. §501.11(c) (1984); Maritime Administration, 46 C.F.R. §102.24 (1983); National Labor Relations Board, 29 C.F.R. §102.44(b) (1983); National Defense, 32 C.F.R. §833.2 (1984); Office of Interstate Lands Sales Registration (HUD), 24 C.F.R. §1720.135 (1984); Patent and Trademark Office, 37 C.F.R. §1.348 (1984); Securities and Exchange Commission, 17 C.F.R. §201.2(e) (1984); Small Business Administration, 13 C.F.R. §§103.13-14 (1984); Social Security Administration, 20 C.F.R. §404.1745 (1984); Dept. of Treasury, Bureau of Alcohol, Tobacco, and Firearms, 31 C.F.R. §§8.51-.52 (1984); U.S. Postal Service, 39 C.F.R. §§951.6-.7 (1983).

9. Fed. R. Civ. P. 37(b)(2); the sanctions set forth in Rule 37 are invoked by virtue of a protective order's application to discovery through Fed. R. Civ. P. 26(c). See Notes of Advisory Committee on Rules, 1970 Amendment, Subdivision (b).

10. Sanctions are discussed further in Sections II C, *infra* text accompanying notes 51 & 52 and III C, *infra* text accompanying notes 151-68.

11. Factors to be balanced against the need to keep information from corporate counsel are discussed in Section III A, *infra* text accompanying notes 59-146.

vidual case circumstance analysis was expressly adopted by the United States Court of Appeals for the Federal Circuit in the recent case *U.S. Steel Corporation v. the United States and U.S. International Trade Commission*.¹² The court held that disclosure to corporate counsel may not be restricted to avoid inadvertent disclosure if the opportunity for inadvertent disclosure is determined solely by classification of counsel as in-house rather than retained.¹³ Instead, risks of inadvertent disclosure of confidential information are to be determined "by the facts on a counsel-by-counsel basis."¹⁴

The case was an interlocutory appeal from a ruling by Judge Watson of the U.S. Court of International Trade denying corporate counsel for U.S. Steel access to confidential information.¹⁵ That confidential information was in the record in the appeal of a preliminary injury determination by the United States International Trade Commission ("USITC") in investigations of domestic industry injury from certain imported steel products.¹⁶ The confidential information at issue was contained in responses by foreign parties to questionnaires propounded by the USITC in its injury investigations.¹⁷ During the administrative proceedings before the USITC, corporate counsel access to the confidential information was not permitted pursuant to USITC rules which provide for a *per se* exclusion of corporate counsel.¹⁸ The Court of International Trade restricted access to confidential information during the appeal of the administration determination pursuant to its discretionary powers over the handling of confidential information expressly provided by statute.¹⁹

U.S. Steel was in a particularly good position factually to contest the issue of exclusion on the basis of corporate counsel status. Corporate counsel at United States Steel were described as being functionally and physi-

12. No. 84-639 (Fed. Cir. Mar. 23, 1984).

13. *Id.* at 6.

14. *Id.*

15. *Republic Steel Corp. v. United States*, 572 F. Supp. 275 (Ct. Int'l Trade 1983), incorporating by reference, Docket No. 82-10-01361, slip op. No. 83-76, *United States Steel Corp. v. United States* (Ct. Int'l Trade, July 22, 1983) and Docket No. 82-3-00372, slip op. No. 83-95 (Ct. Int'l Trade, Sept. 23, 1983), 17 Cust. B. & Dec. 57, 60.

16. *Certain Carbon Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany*, Inv. Nos. 701-TA-86 through 701-TA-144, 701-TA-146, 701-TA-147 (preliminary), Inv. Nos. 731-TA-53 through 731-TA-86 (preliminary), USITC Pub. No. 1221 (1982), *Certain Steel Products from the Republic of Korea*, Inv. Nos. 701-TA-170 through 701-TA-173 (preliminary), USITC Pub. No. 1261 (1982) and *Certain Steel Products from Spain*, Inv. Nos. 701-TA-155 through 701-TA-163 (preliminary), USITC Pub. No. 1255 (1982).

17. *See* 19 U.S.C. §§1671-1671f, 1673-1673i (Supp. V 1981).

18. 19 C.F.R. §207.7(b) (1984).

19. 19 U.S.C. §1516a(b)(2)(B) (Supp. V 1981).

cally segregated from other departments of the corporation. The law department of U.S. Steel also had very strict procedures and policies for the availability, handling and use of confidential information. Thus, the underlying facts involved virtually no possibility of inadvertent disclosure because of the physical handling of confidential information or the physical proximity of corporate counsel to the business operations of the corporation; the issue was narrowed to whether exclusion of corporate counsel could be based on the status of counsel alone.

Judge Watson's decision to exclude corporate counsel from access to confidential information based on their status was consistent with his previous rulings on the issue. A series of rulings had been based on the rationale that corporate counsel, although of high integrity, should not be placed "under the unnatural and unremitting strain of having to exercise constant self-censorship in their normal working relations."²⁰ The relationship of house counsel to employer as a closer and more sustained relationship was presumed as an outgrowth both of the employer-employee relationship,²¹ as well as of the employer's alternative of retaining outside counsel.²² In terms of the balancing test between the need for confidentiality and the need for corporate counsel access, the court reached the following fundamental balance:

The Court simply sees a greater likelihood of inadvertent disclosure by lawyers who are employees, committed to remain in the environment of a single company. The factor of permanent employment by one company is a rational means by which to distinguish between lawyers. It is not a perfect distinction; but it is a reasonable one. It does not result in an elimination of risk; but it does offer a significant increase in protection.²³

The Court of Appeals for the Federal Circuit in an opinion written by Chief Judge Markey overturned Judge Watson's ruling and rationale excluding corporate counsel from access to confidential information on the sole basis of their employment status.²⁴ The Court focused on the relationship between corporate counsel status and the risk of inadvertent disclosure. The opinion suggests that concern for confidentiality may justify denial of access to all attorneys, but if any access is to be granted, it should be given

20. *Atlantic Sugar, Ltd. v. United States*, 85 Cust. Ct. 133.

21. 17 Cust. B. & Dec. 57, 59-60.

22. *Republic Steel Corp. v. United States*, 572 F. Supp. 275, 276.

23. *United States Steel Corp. v. United States*, 17 Cust. B. & Dec. 57, 60.

24. *United States Steel Corp. v. United States*, No. 84-639.

to both retained and corporate counsel when their working relationship, ethical obligations, practice and problems of inadvertent disclosure are the same. Further, the Court found it unnecessary to determine whether the case should be controlled by the specific power over the handling of confidential information and appeals before the Court of International Trade or by the Federal Rule of Civil Procedure emphasis on discovery.²⁵ Finally, the Court found it unnecessary to discuss arguments concerning whether the Court of International Trade was creating a *per se* rule,²⁶ whether there had been a violation of right to counsel or disenfranchisement of counsel without due process, and whether access should be granted because of the "staleness" of the information at issue.²⁷

The Court announced some tests which are to be used in a case-by-case, more particularly, counsel-by-counsel, determination of corporate counsel access to confidential information. The first test is an examination of "each individual counsel's actual activity and relationship with the party represented."²⁸ The Court approved the serviceable shorthand phrase "involvement in 'competitive decision making' as a basis for denial of access." The phrase is intended to cover examination of "a counsel's activities, association, and relationship with a client that are such as to involve counsel's advice and participation in and all of the client's decisions (pricing, product design, etc.) made in light of similar corresponding information about a competitor."²⁹

The second test is whether denial of access to information would force a corporate party to suffer an extreme and unnecessary hardship by having to rely on newly retained outside counsel. Under the test as it is applied in this case, it is clear that where litigation is "extremely complex and at an advanced stage" this test can be met.³⁰

In sum, the Court's rejection of any denial of access to confidential information based solely on an attorney's status as corporate counsel should result generally in the opportunity for greater access to information for corporate counsel. Although the effect may be realized in judicial proceedings, the ruling does not mandate corporate counsel access to confidential information in administrative proceedings. It is clearly still possible under a case-by-case or counsel-by-counsel analysis that corporate counsel may be

25. *Id.* at 7-8.

26. The Court sidestepped this issue, stating its opinion "bears no relation to, and can have no effect on, ITC's rule establishing a *per se* ban on disclosure to in-house counsel in its administrative proceedings . . ." *Id.* at 7.

27. *Id.* at 8.

28. *Id.* at 9.

29. *Id.* at 6 n.3.

30. *Id.* at 7.

denied access to confidential information because of a risk of disclosure in particular circumstances presented to a court.

II. PROTECTIVE ORDER ELEMENTS AND RESTRICTIONS ON CORPORATE COUNSEL

A protective order includes four substantive groupings of elements. Within these different groups, certain elements of protective orders can be applied to corporate counsel to restrict their access to confidential information.³¹ The major topics are: (1) provisions for defining and handling confidential information; (2) provisions designating persons permitted access to confidential information and conditions of access; (3) provisions on procedure following unauthorized disclosure of confidential information; and (4) miscellaneous provisions. According to the tenor of the order, the provisions may range in specificity from rather liberal guidelines to more exacting restrictions.

A. *Definition and Handling of Business Confidential Information.*

Information is classified in protective orders as business confidential on the basis of its type or character and on the basis of the effect resulting from its disclosure.³²

Confidential information consists of four basic types. The first category is comprised of information relating to trade secrets,³³ processes, operations, styles of works, or apparatus. In other words, this information is the private, sensitive "know-how" of a business. The second category reflects the day to day activity of doing business: information about production, sales, shipments, purchases, transfers, and identification of customers. The third category includes inventories, or information on what items a company owns or has on hand. The fourth category encompasses information of a financial

31. See the Appendix Protective Order *infra* which contains a collection of typical protective order general provisions. For the sake of reference and example, the Appendix Protective order is a rather restrictive order with more provisions than might be found ordinarily in more typical orders. As a result, the Appendix Protective Order is not drafted to be an internally consistent document. Some provisions dealing with specific situations, *e.g.*, a log of copies, have been included by way of example and obviously do not cover all circumstances which a protective order may have to address.

32. Appendix, para. 1. The definition of confidential information can be more specific or limited in scope, *e.g.*, all interrogatory responses but no interrogatories themselves are to be treated as confidential. The determination of whether given information is "confidential" is discussed further in Section III A, see *infra* text accompanying notes 73-108.

33. Trade secrets are defined in 4 RESTATEMENT OF TORTS §757 (1939).

nature, such as amounts or sources of income, profits, losses or expenditures.³⁴

Not only the type but also the effect of disclosure of information gives it its confidential character. If public or unrestricted disclosure of any of the types of confidential information would have the likely effect of impairing the ability of a court or agency to obtain the information necessary for the conduct of a full trial of the issues or the performance of statutory functions, such information should be deemed confidential.³⁵ The concern reflected in this type of provision is for the forum and its capacity to conduct fair adjudication based on full discovery.³⁶ The other concern regarding disclosure of sensitive information, of course, would be that of the party providing the information. Information should be classified as confidential if its disclosure will cause substantial harm to the competitive position of the person or entity from which information is obtained.³⁷

Once attained, the confidential status of information can be lost or waived under provisions of a protective order. A protective order will protect the confidentiality of information only when the party providing such

34. Appendix, para. 1.

35. In court, the disclosure of this information may occur in two ways. A party may seek to introduce confidential information to discharge his own burden of proof. Or, the Court may order parties to disclose confidential information because of its importance to a fair adjudication. An agency may be compelled to disclose information it has gathered from businesses through questionnaires or inquiries, when it receives a request under the Freedom of Information Act [hereinafter cited as F.O.I.A.], 5 U.S.C. §§551-552b (Supp. V 1981).

36. Without a protective order covering the confidential information, a party might be forced to choose continued confidentiality over the ability to present a successful case. Similarly, court-compelled disclosure without a protective order could have the long term effect of discouraging suits between competitors. In either case, if a needed order is absent, the court ceases to provide a forum for complete adjudication.

37. Information which is deemed confidential in the court setting, however, may not necessarily be deemed confidential by an agency in a later setting focusing on agency obligations to release information under the F.O.I.A. In the latter context, the issue is whether the information falls under exemption four of the Administrative Procedure Act, 5 U.S.C. §§551-559 (Supp. V 1981), releasing the agency from its otherwise absolute obligation to disclose. See, *infra* note 55. The determination of confidentiality there turns on whether disclosure would frustrate the two fold policy behind exemptions from F.O.I.A. obligations. The first prong of that policy is to encourage cooperation by those who are not obliged to provide information to the government. These parties are more likely to provide information essential to agency functions when they are persuaded the information is adequately protected from public scrutiny. See *National Parks & Conservation Ass'n v. Morton*, 498 F.2d 765 (D.C. Cir. 1974).

The second prong of the policy underlying the F.O.I.A. exemptions is to protect against competitive disadvantage to any parties who have been legally obligated to surrender private information. Thus, the exemption serves the goal of "(1) encouraging cooperation by those who are not obliged to provide information to the government and (2) protecting the rights of those who must." *Id.* at 769.

information intends for it to be confidential and acts accordingly. Otherwise the court or agency would restrict discovery unnecessarily and would limit unduly the public nature of its trial or proceeding. Therefore, a protective order should not apply or should rescind restrictions placed on the treatment of information where the parties so agree,³⁸ and will not apply where supplied information is known publicly through no fault of a receiving party either at the time the information was supplied or subsequent to its having been provided.³⁹

Protective orders may anticipate disagreement on the status of certain information and provide procedures for resolution of such disputes. Typically, objection to the confidential status of information is to be expressed in writing to the party claiming confidentiality. A period of time is allowed thereafter in which the parties must attempt to resolve the dispute themselves. If during that time the claim of confidential status is withdrawn by a party, it is to notify all parties. In the event the dispute is not resolved, the issue may then be brought before the presiding judge for disposition.⁴⁰

The physical handling of business confidential information may be dealt with in varying degrees in protective orders depending upon the needs of particular circumstances. Designation of information as business confidential, such as stamping the face of a document, usually is required.⁴¹ Segregation of confidential information from non-confidential information is obligatory in virtually all cases; in specific instances, the number of copies, the location permitted for the retention and review of documents, the filing of documents under seal,⁴² the handling of documents by court personnel or reporters⁴³ and the return of documents may be enumerated along with any other conditions appropriate to the nature of the litigation and informa-

38. *See, e.g.*, Appendix, para. 3. To avoid disputes and for procedural certainty, permission for use of confidential information outside protective order restrictions is usually required to be in writing. *See also* Appendix, para. 7 for written withdrawal of confidential designation.

39. *See, e.g.*, Appendix, para. 6. Protective orders can also require that no party may treat as public any information previously designated confidential unless there is a notice motion and a court order.

The language of Appendix, para. 6 allows use of confidential information made public through no fault of the receiving party. This provision does not anticipate whether confidential information made public through one party's breach of the protective order may be used as non-confidential information by another party which was not responsible for release of the information. On the one hand, the supplier party should not be prejudiced in a suit by improper release of confidential information. On the other hand, there may be no reason to restrict information which is publicly available.

40. *See, e.g.*, Appendix, para. 7.

41. *See, e.g.*, Appendix, para. 2.

42. *See, e.g.*, Appendix, para. 9.

43. *See, e.g.*, Appendix, para. 13.

tion.⁴⁴ Provisions also may recite the fundamental practice of disclosing confidential information at a hearing only *in camera*.⁴⁵ Special handling for service of briefs and memoranda containing business confidential information can be provided. It is helpful to trial and corporate counsel to require expurgated, non-confidential versions of such pleadings to be served as well; these documents can then be passed on more quickly and more conveniently to corporate counsel after a brief review by trial counsel.

B. Designation of Persons Allowed Access to Business Confidential Information and Conditions of Access

The cardinal terms of a protective order are its provisions for limiting disclosure of business confidential information to appropriate persons under two primary conditions. The first, to prevent unauthorized disclosure, is that no confidential information will be revealed to anyone not properly under the terms of the protective order. The second restriction, to prevent unauthorized use, prohibits persons with access to confidential information from using it for any purpose other than preparation and conduct of the subject litigation.⁴⁶

When a protective order is written to exclude corporate counsel from access to confidential information, its general provisions usually will permit access to trial counsel and their clerical staff, independent technical experts, reporters and transcribers who take testimony, and court or agency personnel. Access of counsel either will be limited to "outside counsel," to the preclusion of attorneys in the direct employ of a party, or corporate counsel will be expressly excluded. To the extent corporate counsel may be qualified as technical experts, such as patent counsel for example, they still could be

44. See, e.g., Appendix, para. 18. Documents also may be placed in the control of a custodian who is to insure limited disclosure. *FTC v. Texaco, Inc.*, 555 F.2d 862, 891-92 (D.C. Cir.), cert. denied, 431 U.S. 974 (1977), reh'g denied, 434 U.S. 883 (1978).

45. See, e.g., Appendix, para. 2; *FTC v. Continental Can Co.*, 267 F. Supp. 713, 714-15 (S.D.N.Y. 1967).

46. The protective order by its terms can be extended to include appeals or remands resulting from the litigation in which confidential information is made available and the protective order is issued.

Use of confidential information "solely for the purpose of this litigation" has been construed strictly to exclude disclosure of discovery material to the Antitrust Division of the Department of Justice which was interested as a non-party to the suit in possible antitrust misconduct. The court refused to allow disclosure even though the great majority of the documents were declassified. *GAF Corp. v. Eastman Kodak Co.*, 415 F. Supp. 129 (S.D.N.Y. 1976); see *Martindell v. International Tel. & Tel. Corp.*, 594 F.2d 291 (2d Cir. 1979) (both deny later access to federal government); cf. *American Tel. & Tel. Co. v. Grady*, 594 F.2d 594 (7th Cir. 1979) cert. denied, 440 U.S. 971 (1979); *Wilk v. American Medical Ass'n*, 635 F.2d 1295 (1980).

excluded by terms of the protective order which limit acceptable experts to those not only outside the direct employ of a party, but also to those who have no business affiliation with the party, or any affiliate or controlled entity, other than for the purposes of the litigation concerned. More conservative protective orders will preclude, in addition, those experts who are employed by any company or person in the complete chain of commerce respecting a product which is the subject of a suit.⁴⁷

It is possible for persons who do not fall under these general rubrics to be given access to all or limited types of confidential information through stipulation of the parties. Certain protective orders make provision for this procedure to occur independently; however, others require that any such stipulation must receive the court's approval.⁴⁸

Often a formal document must be filed by persons seeking access under the protective order which states their consent to be bound by its terms.⁴⁹ Under certain provisions, however, the mere filing of a consent to be bound by itself will not entitle an independent expert to have access to confidential information.⁵⁰ A procedure can be set out by which a party wishing to give confidential information to an expert must submit to the party supplying the information the name and *curriculum vitae* of the proposed expert. If the supplying party objects to disclosures to the proposed expert under the protective order, such objection must be communicated in writing, and the parties must attempt to resolve informally the matter. When no informal resolution is reached, the objecting party is to place its objections before the court within a period of time for disposition by the presiding judge.

C. *Procedure Following Unauthorized Use or Disclosure of Business Confidential Information*

Under usual procedure for unauthorized use of disclosure or information, the responsible party, in short, must make a full disclosure of its error and attempt to mitigate any damage.⁵¹ The judge and the party supplying the information are to be informed of all facts pertaining to the breach of the protective order. Furthermore, the responsible party must do all within its power to prevent further disclosure either by itself or by those to whom information was disclosed improperly. No attempts to right the wrong, however, will absolve the offending party of responsibility for the breach, and

47. See, e.g., Appendix, para. 3. Such conservatism may arise, for example, in trade secret cases or cases with a high degree of complexity.

48. See, e.g., Appendix, para. 5.

49. See, e.g., Appendix, para. 4.

50. See, e.g., Appendix, para. 16.

51. See, e.g., Appendix, para. 17.

the supplying party ordinarily retains under the protective order all rights to appropriate sanctions or remedies.⁵²

D. Miscellaneous Provisions

Any number of secondary matters or contingencies can be covered by the terms of a protective order. For example, protective orders issued in proceedings before federal governmental agencies can have provisions covering requests for confidential information under the Freedom of Information Act (F.O.I.A.).⁵³ Business confidential information is exempted from F.O.I.A. requests,⁵⁴ so protective orders may confirm that information made confidential under its terms is also confidential for purposes of F.O.I.A. requests.⁵⁵

52. Sanctions are discussed in Section III C, *see infra* text accompanying notes 151-68.

53. 5 U.S.C. §§551-552b (Supp. V. 1981). *See, e.g.*, Appendix, paras. 14-15.

54. The F.O.I.A. request provision of the Administrative Procedure Act states in pertinent part:

(b) This section does not apply to matters that are . . .

(4) trade secrets and commercial or financial information obtained from a person and privileged or confidential; . . .

(7) investigatory records compiled for law enforcement purposes, but only to the extent that the production of such records would (A) interfere with enforcement proceedings, (B) deprive a person of a right to a fair trial or an impartial adjudication, (C) constitute an unwarranted invasion of personal privacy. . . .

5 U.S.C. §552(b)(4) and (7) (Supp. V 1981).

Exemptions (8) and (9) may be invoked in more particular circumstances to protect confidential information:

(8) contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or

(9) Geological and geophysical information and data, including maps, concerning wells.

5 U.S.C. §552(b)(8) and (9) (Supp. V 1981).

See also *Gulf & Western Indus. v. United States*, 615 F.2d 527, 530 (D.C. Cir. 1979), in which a company's profit rate, actual loss data and cost data were held exempt from F.O.I.A. disclosure because its release was likely to cause substantial harm to the company's competitive position.

55. This designation of confidential information is recited in part for purposes of criminal prosecutions under 18 U.S.C. § 1905 (Supp. V 1981). While agencies *may* classify information obtained in litigation or through industry-wide investigation as confidential under exemption four of F.O.I.A. they are *not required* to do so. F.O.I.A. defines the information which agencies *must* disclose, and its exemptions define the information they *need not* disclose. It does not bar disclosure. *Chrysler Corp. v. Brown*, 441 U.S. 281 (1979). Thus an agency may decide to disclose "confidential" information if it is in the public interest to do so. Similarly, an agency may disclose it because it does not agree that it is confidential. In the latter case the supplying party has resort only to a "reverse-F.O.I.A.-action" in which he seeks judicial review of this agency decision. For a discussion of the circumstances sustaining this cause of action, see

Agency protective orders can be responsive to parties' fears that persons not under the protective order will be able to obtain information through a F.O.I.A. request before parties are able adequately to protect their documents. In order to preserve confidentiality, the order should require the agency, at an express minimum and without limitation, to notify a party of F.O.I.A. requests for, or proposals for declassification of, its confidential documents. Moreover, a period of time, usually at least seven days, is provided during which a party is allowed to take appropriate action to preserve confidentiality and protect access to confidential documents.⁵⁶

For purposes of verification of trial evidence, the parties may wish to provide for access to original documents.⁵⁷ To complete instructions on the handling of business confidential information, a protective order may set forth the steps for return of confidential documents upon the conclusion of litigation. Such detail may go as far as setting a time period for return of items, allowing for the destruction of confidential documents on which an attorney's work product notes appear, and requiring a written receipt which acknowledges return of confidential materials.⁵⁸

III. APPROACHES TO UTILIZING CORPORATE COUNSEL EXCLUDED BY PROTECTIVE ORDER

In the event a protective order that finally issues denies corporate counsel access to confidential information, corporate or outside counsel can nevertheless take certain steps to maximize their exposure to such information. Additionally, counsel can address issues bearing on the general accessibility of information.

Clement, *The Rights of Submitters to Prevent Agency Disclosure of Confidential Business Information: The Reverse Freedom of Information Act Lawsuit*, 55 TEX. L. REV. 587 (1977); Note, *Reverse-Freedom of Information Act Suits: Confidential Information in Search of Protection*, 70 NW. U.L. REV. 995 (1976); Note, *Protection From Government Disclosure — The Reverse-F.O.I.A. Suit*, 1976 DUKE L.J. 330, and cases cited therein.

On the other hand, an agency refusal to disclose on the basis of exemption four, leads the party seeking disclosure to judicial review. The agency is put in the position of defending the supplier's need for protection from competitive injury. See, e.g., *National Parks*, 498 F.2d 765. In short, having obtaining a protective order in earlier litigation may not always protect an information supplier from later agency disclosure.

56. A partial list of such regulations includes: Environmental Protection Agency, 40 C.F.R. pts. 2.201-309 (1983); Food and Drug Administration, 21 C.F.R. pts. 20.48-53; Nuclear Regulatory Commission, 10 C.F.R. pt. 2.790; Office of Federal Contract Compliance Programs, 41 C.F.R. pts. 60-60.8. The ultimate ramifications of fulfilling F.O.I.A. requests, both as to the status of information initially designated confidential and as to the issue of corporate counsel access are beyond the scope of this article.

57. See, e.g., Appendix, para. 10.

58. See, e.g., Appendix, para. 18.

A. *Motion for Modification of the Protective Order*

The most direct and obvious means of obtaining a protective order that allows corporate counsel access to confidential information is to move the court for such an order.⁵⁹ It may be clear that the court for the reasons already discussed is disinclined to give corporate counsel access to information under an order.⁶⁰ One should bear in mind, however, that a protective order is issued in the discretion of the court,⁶¹ and that the disclosing party has no absolute right to an order totally restricting information.⁶² Consequently, there may be factors in a particular case which on balance outweigh those considerations supporting restricted disclosure to corporate counsel. These factors may be used as grounds for a motion for appropriate issuance or modification of a protective order.

1. *The Balancing Test: Weighing Competitive Injury Against the Need for Disclosure*

The primary purpose of a protective order is to allow a party in litigation to disclose sensitive business information without suffering commercial or competitive harm by having that information used unfairly or revealed to the public or to current and potential competitors.⁶³ Where no substantial harm would occur from disclosure, there is insufficient reason to restrict information through a protective order, particularly one that especially excludes corporate counsel; *cessante ratione legis, cessat et ipsa lex*. Accordingly, courts have allowed disclosure of confidential information where the result would not cause a degree of injury which outweighs the need for disclosure.

59. A third party, not the original party seeking discovery, may move to modify as well. Any motion to modify should usually be made to the judge in control of the case when the order issued. *Federal Court Discovery in the 80's — Making the Rules Work*, 95 F.R.D. 245, 286 (1983).

60. See *infra*, introduction and text accompanying notes 1-10.

61. *E.I. Dupont DeNemours Powder Co. v. Masland*, 244 U.S. 100, 103 (1917); *Ferguson v. Ford Motor Co.*, 8 F.R.D. 414, 416 (S.D.N.Y. 1948); *United States v. Lever Bros. Co.*, 193 F. Supp. 254, 256 (S.D.N.Y. 1961), *appeal denied*, 371 U.S. 207, *cert. denied*, 371 U.S. 932 (1962); *Ryan v. Hatfield*, 578 F.2d 275, 276 (10th Cir. 1978); *Silkwood v. Kerr-McGee Corp.*, 563 F.2d 433 (10th Cir. 1977); *Aluminum Can Corp. of Am. v. United States Dep't of Justice, Antitrust Div.*, 444 F. Supp. 1342 (D.D.C. 1978).

62. *Cities Serv. Oil Co. v. Celanese Corp. of Am.*, 10 F.R.D. 458, 460 (D.C. Del. 1950); *Louis Weinberg Assoc. v. Monte Christi Corp.*, 15 F.R.D. 493, 495 (S.D.N.Y. 1954); *American Oil Co. v. Pennsylvania Petroleum Prods. Co.*, 23 F.R.D. 680, 684 (D.R.I. 1959).

63. See, e.g., *Baxter Travenol Laboratories v. LeMay*, 93 F.R.D. 379, 383 (S.D. Ohio 1981).

a. *Proof of competitive injury.* In applying this balancing test,⁶⁴ the court in *United States v. Aluminum Company of America*⁶⁵ found the potential prejudice or harm from disclosure to be “more theoretical than practical.”⁶⁶ The court’s choice of this “practical harm” test is significant, for the party seeking to maintain complete confidentiality under this test may not meet its burden by suggesting the mere possibility of injury. Instead, a greater showing of the inevitability or likelihood of demonstrable injury is suggested by the “practical harm” requirement.

Other courts approach the degree of harm from disclosure more generally by inquiring whether disclosure would cause the supplying party “great competitive disadvantage and irreparable harm” or an “undue burden.”⁶⁷ Although these tests appear to be of a more general nature, they must require some degree of specific “practical harm” to be consistent with Federal Rule of Civil Procedure 26(c). A protective order under Rule 26(c) is issued only upon a showing of “good cause”⁶⁸ which has been interpreted as requiring the moving party to make a “particular and specific demonstration of fact.”⁶⁹

Judge Wilkey in his dissenting opinion in the *In re Halkin*⁷⁰ case before the United States Court of Appeals for the District of Columbia perceptively points out that different showings of “good cause” should be required for the different types of harm threatened by disclosure:

64. This test was particularly well articulated in *Covey Oil Co. v. Continental Oil Co.*, 340 F.2d 993, 999 (10th Cir. 1965), *cert. denied*, 380 U.S. 964 (1965) and *In re Halkin*, 598 F.2d 176, 210 (D.C. Cir. 1979) (Judge Wilkey dissenting). *See also* *Connors Steel Co. v. United States*, 85 Cust. Ct. 112, C.R.D. 80-9 (1980); *Zenith Radio Corp. v. Matsushita Elec. Indus. Co.*, 529 F. Supp. 866 (1981); *Roquette Freres v. United States*, No. 82-111 (Ct. Int’l Trade Dec. 13, 1982).

65. 193 F. Supp. 249 (N.D.N.Y. 1960).

66. *Id.* at 250. This phrase was cited expressly and favorably by the court in *United States v. Lever Bros. Co.*, 193 F. Supp. at 257 (S.D.N.Y. 1961).

67. *Essex Wire Corp. v. Eastern Elec. Sales Co.*, 48 F.R.D. 308, 310 (E.D. Pa. 1969); *Maritime Cinema Serv. Corp. v. Movies En Route, Inc.*, 60 F.R.D. 587, 590 (S.D.N.Y. 1973); *Citicorp v. Interbank Card Ass’n*, 87 F.R.D. 43, 46 (S.D.N.Y. 1980); *Doe v. District of Columbia*, 697 F.2d 1115, 1120 (D.C. Cir. 1983); *Andrews v. Eli Lilly & Co., Inc.*, 97 F.R.D. 494, 501 n.24 (N.D. Ill. 1980), and cases cited therein.

68. Fed. R. Civ. P. 26.

69. 8 C. WRIGHT & A. MILLER, *FEDERAL PRACTICE AND PROCEDURE* §2035 (1st ed., 1970).

“The degree of specificity with which this information [about a party’s interest] must be brought to the court’s attention varies from case to case. For example, the kind of showing necessary to constitute “good cause” depends in each case upon the kind of protective order sought.” *In re Halkin*, 598 F.2d 176, 210 (D.C. Cir. 1979) (Judge Wilkey dissenting).

70. 598 F.2d 176, 200 (D.C. Cir. 1979).

Some kinds of harm are capable of clear objective demonstration. For example, a moving party can easily demonstrate with particularity that certain materials are "trade secrets" or that a particular oral deposition would entail great inconvenience. However, other kinds of harm are more subtle and less amenable to objective demonstration. Annoyance, embarrassment, and harassment are proper grounds for protective orders but are relatively difficult to demonstrate with particularity. This does not mean that these more subtle injuries pose any less of a threat to the moving party. Indeed, it may mean that more subtle abuses of discovery are occurring, and this is all the more reason for trial judges to be sensitive to these kinds of dangers.⁷¹

Thus, he concludes:

In sum, then, the relative specificity of a particular showing under Rule 26(c) is not determinative of the showing's adequacy. The inquiry is whether the court has before it information from which it can reasonably conclude that the nature and magnitude of the moving party's interest are such that protective intervention by the court is justified.⁷²

In other words, a demonstration of specificity of harm is not the only factor to constitute a showing of "good cause"; other qualitative factors should be considered. These other factors, which Judge Wilkey calls the "nature and magnitude of a moving party's interest," are not explicated further; however, the most likely analysis implied by this language would be a showing of the commercial or competitive value of the interests potentially affected by disclosure, and a causal link between the disclosure of specific information and the anticipated harm that would result.

b. *Causation*. A second qualitative factor affecting the "good cause" determination is the showing of a causal link between the disclosure of specific information and the anticipated harm that would result.

A good example of a court focusing on the competitive value of interests and the link between disclosure and harm is the Fifth Circuit opinion in *U.S. v. United Fruit Co.*⁷³ The background of that opinion involved an earlier antitrust action in which defendant United Fruit Co. agreed by way of a consent judgment to create from its assets a new banana importing

71. *Id.* at 211.

72. *Id.* Compare the interest to be protected in *Tavoulareas v. Washington Post Co.*, 724 F.2d 1010 (1984).

73. 410 F.2d 553 (5th Cir. 1969), *cert. denied sub nom.* *Standard Fruit & S.S. Co. v. United States Fruit Co.*, 396 U.S. 820 (1969).

company, Sovereign Fruit Co. As a part of the judgment and a later court action, United Fruit Co. was required to submit detailed plans showing timely compliance. These plans, which included information on assets, programs, costs and markets, were placed under a protective order prohibiting third party access to them. A third party, Standard Fruit and Steamship Co., moved the court for permission to inspect and copy the submitted plans. The district court denied the motion, and an appeal was taken to the Fifth Circuit.⁷⁴

The circuit court held *inter alia* that the district court had not abused its discretion in denying the third party access to the confidential documents. Standard Fruit and Steamship argued that it would be placed at an unfair disadvantage if United Fruit were to be privy to the details of the Sovereign Fruit Co. operations while Standard Fruit and Steamship were not. If anyone should have access to the information, Standard Fruit and Steamship contended, it should be smaller competitors like itself rather than the dominant, "guilty" United Fruit. These arguments were rejected by the court which recognized that the ultimate goal of the earlier consent judgment was the establishment of an eventually independent competitor, and that there was a far smaller chance of Sovereign's competitive survival if all competitors, and not just United Fruit, were to have access to the submitted confidential information.⁷⁵ In its analysis, the court's emphasis upon the competitive value of the information was cardinal to its determination that disclosure in this instance was not justified.⁷⁶

The court also took pains to specify in some detail the examples of harm which could result directly from disclosure. From the affidavit of Sovereign's president, the following instances of potential harm were enumerated:

[I]f competitors were aware of areas in which Sovereign planned to press its sales most vigorously, they could adjust and alter sales plans to frustrate and defeat Sovereign's sales success; if competitors had information as to Sovereign's proposed price aims, they could adjust pricing policies to undercut Sovereign's prices and harm its sales; if competitors had information as to promotional plans contemplated by Sovereign, they could copy the best features of those plans in advance or offset them by running promotions of their own in the same areas; if competi-

74. *Id.* at 554-55.

75. *Id.* at 556-57.

76. Another good example of this causation rationale can be found in *Borden Co. v. Sylk v. Penrose Indus. Corp.*, 289 F. Supp. 847 (E.D. Pa. 1968), *appeal dismissed*, 410 F.2d 843 (3d Cir. 1969).

tors had information as to the anticipated volume of Sovereign's imports to particular ports or marketing areas, they could adjust imports to those ports and marketing areas so as to defeat Sovereign's selling efforts; if competitors had even approximate knowledge as to Sovereign's costs, they would be able to know the price levels below which Sovereign could not go without risking financial failure; if competitors had knowledge of Sovereign's plans for changes in the volume of production, they could adjust production plans to counteract Sovereign's changes, etc.⁷⁷

The causal link between disclosure and harm can be questioned if the harm anticipated by the supplying party can be shown to be a normal "by-product of competition."⁷⁸ In *Covey Oil Co. v. Continental Oil Co.*,⁷⁹ the Tenth Circuit permitted certain trade secrets to be produced for discovery in an antitrust case on the rationale that, "[i]n any competitive economy we cannot avoid injury to some . . . competitors."⁸⁰ It should be noted that the court in that case ordered production of confidential information in great part because the protective order had extensive limitations on the use of the information, including disclosure to outside counsel and independent accountants only. However, if it can be shown that alleged harm from disclosure would occur in any event as a by-product of normal and fair competitive or economic conditions, then disclosure to corporate or retained counsel, would not be the primary causal factor to injury, and such disclosure arguably should be permitted.

Contentions of irreparable injury from disclosure can be discounted by a showing that the confidential information at issue is legitimately obtainable from other sources. The district court so ruled in *Essex Wire Corp. v. Eastern Electric Sales Co.*⁸¹ when it found that the name and country of origin of foreign cable was to be conspicuously marked by law⁸² for the benefit of consumers. This approach, which emphasizes the absence of injury from disclosure of such information, is also a variation of the more common argument that information has lost its confidential status because of its public availability.⁸³

77. *United States v. United Fruit Co.*, 410 F.2d at 557 n.11.

78. *Covey Oil Co. v. Continental Oil Co.*, 340 F.2d 993, 999 (10th Cir. 1965). *See supra* text accompanying note 64.

79. *Id.*

80. *Id.* at 999 n.20, (citing H.R. Rep. No. 1422, 81st Cong., 1st Sess. 5-6, as quoted in *FTC v. Sun Oil Co.*, 371 U.S. 505 (1962)).

81. 48 F.R.D. 308 (E.D. Pa. 1969).

82. 19 U.S.C. §1304 (1976).

83. *See United States v. Aluminum Can Co. of Am.*, 193 F. Supp. 249, 250 (N.D.N.Y.

Whether injury follows from disclosure is a question which often arises in cases where there is a request by a party to take confidential information supplied by an opposing party in one forum and disclose that information in concurrent litigation in another forum. Such disclosure would violate a protective order's requirement that confidential information be disclosed only for purposes of the instant litigation. Very often this problem is resolved by stipulation of counsel to treat the confidential information in the concurrent litigation in the same manner as the primary litigation, or to seek jointly an identical protective order in the concurrent litigation.⁸⁴ However, if no such agreement can be reached and disclosure is contested, the issue becomes whether disclosure in concurrent litigation, even under restrictions from a protective order in that litigation, would constitute irreparable harm to the supplying party in its litigation as distinct from causing harm in the supplier's commercial context.

The court in *Johnson Foils, Inc. v. Huyck Corp.*⁸⁵ addressed this issue in a preliminary review and rejection of a protective order proposed by a defendant which limited plaintiff's use of confidential information to the instant investigation. In its ruling, the court held that as a federal court it would not limit full use of the information in other fora as long as three conditions were met.⁸⁶ First, there must be no showing that the instant case has been instituted and exploited in bad faith solely to assist in other litigation before a foreign forum. Second, the litigation in the foreign forum must be of a closely related nature involving what essentially are the same parties. Third, there must be voluntary consent among the attorneys to maintain the secrecy of the information from non-party competitors⁸⁷ and the general public.⁸⁸

c. *Types and sources of information which make competitive injury from disclosure unlikely.* Certain types of categories of confidential information can be characterized as not among those traditionally entitled to protection from corporate counsel review. In *United States v. Lever Broth-*

1960).

84. If an agency has obtained confidential information as a party to primary litigation, for example, it might stipulate to treat it as such in concurrent F.O.I.A. litigation.

85. 61 F.R.D. 405 (N.D.N.Y. 1973).

86. *Id.* at 410; see also *United States v. United Fruit Co.*, 410 F.2d 553, 556 (5th Cir. 1969); *Meyer v. MacMillan Publishing Co., Inc.*, 85 F.R.D. 149, 154 (S.D.N.Y. 1980).

87. The court in *Johnson Foils*, however, allowed disclosure to technical advisors of plaintiff who were also plaintiff's employees. 61 F.R.D. at 409, 410.

88. See also *Essex Wire Corp. v. Eastern Elec. Sales Co.*, 48 F.R.D. 308, 312 (E.D. Pa. 1969). The appeal of allowing use of discovered information in other fora is that it produces savings by avoiding duplicative discovery. When the movant is the government, seeking prior civil discovery for use in criminal cases, the burden of proof as to need may well be higher. *Federal Court Discovery in the 80's*, 95 F.R.D. 245, 286-87, *supra* note 59.

*ers Co.*⁸⁹ the court allowed corporate counsel access to confidential information by noting *inter alia* that certain categories of confidential information traditionally are entitled to "greater protection."⁹⁰ Those categories recognized as normally deserving greater protection have included trade secrets and secret processes,⁹¹ customer lists,⁹² net income,⁹³ gross sales,⁹⁴ prices and profits relative for forecasts,⁹⁵ production costs,⁹⁶ terms of supplier contracts,⁹⁷ license fees and oral agreements with customers.⁹⁸ These types are comprised of information having strategic competitive significance or substantial commercial value and therefore are given protection most often by way of a protective order.⁹⁹

Information not entitled to greater protection, therefore, can be demonstrated by showing the absence of commercial or competitive significance.¹⁰⁰ Such a showing has been used successfully with respect to dated

89. 193 F. Supp. 254 (S.D.N.Y. 1961), *appeal denied*, 371 U.S. 207 (1962), *cert. denied*, 371 U.S. 932 (1962).

90. 193 F. Supp. at 257.

91. *See* Tri-Tron Int'l v. Velto, 525 F.2d 432 (9th Cir. 1975); Mountain States Tel. & Tel. Co. v. Department of Pub. Serv. Regulation, 634 P.2d 181 (Mont. 1981).

92. American Oil Co. v. Pennsylvania Petroleum Prods. Co., 23 F.R.D. 680, 684 (D.R.I. 1959).

93. United States v. National Steel Corp., 26 F.R.D. 599 (S.D. Tex. 1960).

94. Royal Crown Cola Co. v. Coca Cola Co., 11 Fed. R. Serv. 2d 823 (N.D. Ga. 1967).

95. FTC v. United States Pipe & Foundry Co., 304 F. Supp. 1254, 1256, 1261 (D.D.C. 1969).

96. *Id.*

97. Essex Wire Corp. v. Eastern Elec. Sales Co., 48 F.R.D. 308 (E.D. Pa. 1969). *But note*, the court permitted disclosure of the manufacturer's name so long as the terms of the supply contract were protected. *Id.* at 311.

98. Maritime Cinema Serv. Corp. v. Movies En Route, Inc., 60 F.R.D. 587, 590 (S.D.N.Y. 1973).

99. Regardless of the type of information, however, its disclosure can be justified where no injury would result. *See* Section III A (1), *supra* text accompanying notes 63-88. In the international trade context, the competitive significance of such information has the added element of transnational economic competition. Judge Nichols' dissent in *United States Steel v. USITC* illustrates the political-economic sensitivity of this issue in international trade:

[T]he intervenors, original sources of the information in question, are willing for the court to allow disclosure to retained but not to in-house counsel. What they think is important because, if they consider the litigation is conducted in a manner unfair to them and in effect a nontariff barrier to their trade, they could withdraw their marbles from our game and invite their own government to take retaliatory action against United States trade.

No. 84-629, slip op. (dissent at 1-2).

100. *But see* American Oil Co. v. Pennsylvania Petroleum Prods. Co., 23 F.R.D. 680 (D.R.I. 1959), in which the court overruled objections to interrogatories requesting the names of alleged lost customers. The court held that "[s]ince these customers are already lost to the defendant it cannot be urged that the defendant has any interest in their identity such as

information or information no longer current.¹⁰¹ Similarly, if information is not broken down into utilizable distinctions such as brand names or product lines, there is a better chance of showing the lesser value of such information to a competitor and the smaller likelihood of improper use.¹⁰²

The commercial or competitive value of information and likely injury from its disclosure can be determined not only by the type of information, but also by the source of the information. When the party supplying the information is not a direct competitor of the party to whom disclosure will be made, there may be inadequate grounds for an order regulating or preventing such disclosure. This position was used successfully in *Louis Weinberg Associates v. Monte Christi Corp.*,¹⁰³ a breach of contract action in which plaintiff alleged negligence by defendant in the processing of braid. To establish the quality of its processing and the processing of others in the industry, defendant sought the names of plaintiff's purchasers and other braid processors. The defendant's request was granted with the court noting more than once that the parties were not competitors.¹⁰⁴ The importance of this consideration is reflected in the fact that it was significant enough to support disclosure of customer names, a category of information traditionally entitled to greater protection.¹⁰⁵ Although the court addressed the issue in the context of a motion to compel discovery, considerations of the sources of information should apply by analogy to motions for modification of protective orders to include corporate counsel.

Disclosure of confidential information may possibly be permitted when the source of the information is a third party and not a party to the litigation. As a general principle in litigation, the inconvenience to third parties caused by disclosure of information is "outweighed by the public interest in seeking the truth in every litigated case, with both sides better prepared, and the element of unfair surprise completely eliminated."¹⁰⁶ Nevertheless, inconvenience to the third party may not be the only consideration when disclosure of confidential information is sought; certain governmental

would require protection from disclosure"; yet, the court did not allow this disclosure to be made to anyone other than outside counsel. *Id.* at 684.

101. *United States v. Lever Bros.*, 193 F. Supp. at 257; *Rosenblatt v. Northwest Airlines, Inc.*, 54 F.R.D. 21, 23 (S.D.N.Y. 1971).

102. *United States v. Lever Bros.*, 193 F. Supp. at 257.

103. 15 F.R.D. 493 (S.D.N.Y. 1954).

104. *Id.* at 495. The court also found significance in the fact that there was no other method for the defendant to discover the facts at issue.

105. *See American Oil Co. v. Pennsylvania Petroleum Prods. Co.*, 23 F.R.D. 680, and *supra* text accompanying note 92.

106. *United States v. Lever Bros.*, 193 F. Supp. at 257. *See also In re Coord. Pretrial Proceedings in Petroleum Prods. Antitrust Legislation* 101 F.R.D. 34 (1984).

agency investigations are possible only through information from non-parties,¹⁰⁷ and some courts still may apply full blown analysis to the type of information, the potential harm, and other factors.¹⁰⁸

2. *Disclosure Necessary for Case Preparation and Presentation.* Within the specific context of a case, nondisclosure of confidential information to corporate counsel might compromise severely the preparation of the case. This impediment may arise when corporate counsel's access to and evaluation of the confidential information is essential, either because corporate counsel is the sole trial counsel, or because corporate counsel is an irreplaceable expert aid to outside counsel's presentation. This situation, depending upon the severity of the circumstances, can be compelling cause for the court to permit disclosure. In analyzing such circumstances, the test for the propriety of disclosure is still one of balancing the harm from disclosure with the public interest in full and fair litigation of issues. The emphasis shifts, however, in arguing that the harm to the supplying party in disclosing information is outweighed both by the harm from nondisclosure to the requesting party, and by the benefit to the litigation as a whole.

The most persuasive argument for disclosure in such circumstances is that the requested confidential information is not only relevant but also "absolutely necessary to the preparation" of the issues in the case, and "to deprive knowledgeable [party] personnel of the absolute right to examine and discuss these documents at the trial would be tantamount to depriving [the party] of the right to defend [or prove its case]."¹⁰⁹ In such circumstances, a protective order can only prevent disclosure to corporate counsel "except insofar as it may be necessary for consultation with [outside] counsel . . . in order to prepare for and assist in the . . . action."¹¹⁰

Disclosure to corporate counsel may be similarly justified in the preparation of a case when confidential information produced in discovery is of "a nature which inherently requires discussion with expert personnel and

107. For example, domestic industry injury determinations by the U.S. International Trade Commission in dumping and countervailing duty investigations are dependent in great part upon third party information supplied in confidential responses to agency questionnaires. Tariff Act of 1930, §§701-707, §§731-740, codified as 19 U.S.C. §§1671-1671f, §§1673-1673i (Supp. V 1981)); 19 C.F.R. §§207.7-.8 (1982); see also Garfinkel, *Disclosure of Confidential Documents Under the Trade Agreements Act of 1979: A Corporate Nightmare?*, 13 LAW & POL'Y INT'L BUS. 465, 469 (1981). For the rationale protecting third-party rights, see *supra* notes 37 and 55.

108. *United States v. American Optical Co.*, 39 F.R.D. 580, 586 (N.D. Cal. 1966); see also, *Mead Digital Sys. v. A.B. Dick Co.*, 89 F.R.D. 318, 321 (S.D. Ohio 1980); *In re Hawaii Corp.*, 88 F.R.D. 518, 525 (D. Haw. 1980).

109. *United States v. Lever Bros. Co.*, 193 F. Supp. 254, 256, 258 (S.D.N.Y. 1961), *appeal denied*, 371 U.S. 207 (1962), *cert. denied*, 371 U.S. 932 (1962).

110. *Julius M. Ames Co. v. Bostitch, Inc.*, 235 F. Supp. 856, 857 (S.D.N.Y. 1964).

those intimately familiar with the industry, to be meaningful."¹¹¹ Furthermore, to obtain all necessary consultation in case preparation, the number of personnel should not be limited so as to "unnecessarily hamper the progress of [the] litigation, and be unfair to legitimate use of the information."¹¹² When confidential information includes names of customers or persons who should be joined as parties to a case, this information too may be disclosed.¹¹³

The most cogent circumstance offered to justify disclosure to corporate counsel involved in trial preparation would be where corporate counsel alone represent the corporation without the appearance of outside counsel.¹¹⁴ As compelling as this circumstance might be, it may not justify disclosure without an additional showing that confidential information will receive adequate physical protection, *e.g.*, a law department in separate facilities, locked file cabinets, sign-out logs, confidential wrappers and the like. Furthermore, a court may well require a showing that the "trial" corporate counsel do not function as "commercial" counsel in such a manner as to raise the extraordinary risk of unfair use of confidential information.¹¹⁵ If courts require a strict showing of the independent function of "trial" corporate counsel, only those corporate law departments large enough to have completely separate litigation departments may be in a position to raise this argument.

The federal district court in Southern Ohio ruled in *Baxter Travenol Laboratories, Inc. v. Lemay*¹¹⁶ that corporate counsel would be allowed ac-

111. *United States v. Lever Bros. Co.*, 193 F. Supp. at 257. *See also* *NLRB v. Friedman*, 352 F.2d 545, 548 (3d Cir. 1965).

112. *Johnson Foils, Inc. v. Huyck Corp.*, 61 F.R.D. 405, 410 (N.D.N.Y. 1973).

113. *Essex Wire Corp. v. Eastern Elec. Sales Co.*, 48 F.R.D. 308, 311 (E.D. Pa. 1969).

114. This circumstance was before the U.S. Court of International Trade in *United States Steel Corp. v. United States (Consol. Court No. 82-3-00288)* where a motion for access to confidential information was filed on August 5, 1982, by United States Steel. United States Steel was represented in the litigation solely by corporate counsel from its Law Department, a section of the corporation distinct and physically separate from its other operations. Because of a settlement of the case, the court did not rule on the motion. *United State Steel Corp. v. United States*, No. 83-76 (Ct. Int'l Trade July 22, 1983).

115. *See United States Steel Corp. v. United States International Trade Commission*, No. 84-639, slip op. at 7 (Fed. Cir. Mar. 23, 1984). Despite this showing, it can be argued in opposition that an attorney's position is not static, and a "non-commercial" in-house attorney may be transferred or promoted to different activities beyond purely litigation responsibility. *See FTC v. Exxon Corp.*, 636 F.2d 1336, 1350-51 (D.C. Cir. 1980); *In re Westinghouse Elec. Corp. Uranium Contracts Litig.*, 76 F.R.D. 47, 57 n.6 (W.D. Pa. 1977). The close proximity and relations likely between legal and non-legal employees, or litigation and commercial corporate counsel in normal working contexts also diminish the differences in risk suggested by the different categories of corporate counsel.

116. 89 F.R.D. 410 (S.D. Ohio 1981).

cess to confidential information because of his role as trial counsel. In *Baxter*, defendants based their defense on claims that plaintiffs had attempted and were continuing to monopolize or restrain trade. Part of the alleged anticompetitive conduct was the subject law suit brought by plaintiffs. Defendants moved for a protective order preventing disclosure to Mr. Lewis, an in-house attorney for plaintiffs, on the ground that counsel's limited use of information for the allegedly illegal lawsuit was indistinguishable from improper use for other corporate purposes. The court was not persuaded by that argument and ruled that disclosure could be made under protective order to the attorney.¹¹⁷

Much like Judge Markey in *United States Steel v. U.S. and USITC*, the court declined to analyze the issue of disclosure as involving a square conflict between the right to counsel of choice and the potential for injurious abuse of confidential information. Neither was the court concerned with "the person involved, or with formal designation for that person's various roles." For this court,

[t]he essential concern is with different kinds of conduct (i.e., proper use of confidential information for Plaintiffs' litigation versus improper use for Plaintiffs' regular business purposes). A conflict occurs only if a person performs roles requiring, respectively, each kind of conduct and, further, *only if that person cannot be expected to differentiate his conduct in performing each role*. In other words, the precise question in this case is whether Lewis can be expected to sue confidential matters obtained in his role as "trial counsel" only in the prosecution of this litigation, and not use such information for the corporations' "other" purposes in his role as "in-house counsel."¹¹⁸

The court concluded that there was no "insurmountable difficulty" in corporate counsel differentiating between proper and improper uses of confidential information and that there was "no reason to question the reasonable expectation" that corporate counsel would conduct himself appropriately under the protective order.¹¹⁹

Despite this the court's ruling in *Baxter*, the opinion suffers some shortcomings as authority for disclosure to corporate counsel. First, the court did not engage in a balancing test. In permitting disclosure to corporate counsel, the court, unlike most courts, expressed no consideration concerning any significant risks or competing interests which might outweigh

117. *Id.* at 419-21.

118. *Id.* at 419-20 (emphasis in original).

119. *Id.* at 420.

the need for disclosure. Second, the court did not determine which specific types of confidential information might have been disclosed.¹²⁰ Third, the *Baxter* court allowed disclosure, not because the need for it outweighed its potential abuse, but because the court remained unpersuaded by defendants' objection, that the improper corporate use of the confidential information was the anticompetitive act of bringing the suit itself. This argument would prevent disclosure to outside and inside counsel alike.¹²¹ If counsel in a case objects to disclosure to corporate counsel only after stipulating to disclosure to outside counsel, the facts of that case are arguably distinguishable from *Baxter*.

In certain agency adjudications under the Administrative Procedure Act (APA),¹²² the use of corporate counsel in the preparation and presentation of a case may be encouraged through the right to choice of counsel granted by the APA. Section 6(a) of the APA¹²³ provides:

Any person compelled to appear in person before any agency or representative thereof shall be accorded the right to be accompanied, represented, and advised by counsel. . . .¹²⁴

This section has been construed broadly as granting a right to counsel of one's choice:

It is clear that the right to counsel guaranteed under the Administration Procedure Act is much broader than the right to have an attorney to advise him relative to his rights under the Fifth Amendment. The Act says such counsel may accompany, represent and advise the witness, without any limitation. . . .

120. Although the Court does overrule Defendants' motion in part, it declines to issue an Order, pursuant to F.R.C.P. 26(c), ¶2, 37 (i.e., an Order *compelling* disclosure of "restricted-confidential" information to Lewis). No controversy over disclosure of a specific item of "restricted-confidential" information has been presented herein, and, in view of the fact that the parties are in the process of negotiating for stipulation, a broader protective order . . . this Court does not wish to compromise those efforts

Id. at 421 (emphasis in original).

121. *Id.* at 420.

122. 5 U.S.C. §§551-559 (Supp V 1981).

123. 5 U.S.C. §555(b) (1976).

124. *Id.* The term "persons" includes both parties and witnesses. *United States v. Smith*, 87 F. Supp. 293 (D.C. Conn. 1949).

The right to counsel at various proceedings, i.e., a statutory right, has been distinguished from the right to be represented by counsel, i.e., a right inherent in Due Process. *See Rex Investigative & Patrol Agency v. Collura*, 329 F. Supp. 696, 699 (E.D.N.Y. 1971).

We recognize that what is in issue here is not the constitutional right to counsel. It is, however, a statutory right. The term "right to counsel" has always been construed to mean counsel of one's choice. . . . We think this is the plain and necessary meaning of this provision of the law.¹²⁵

Despite this expansive interpretation of the right to choice of counsel, it has been subjected to significant limitations. The APA provision by its own terms "relates only to persons whose appearance is compelled or commanded, and does not extend to persons who appear voluntarily or in response to mere request by an agency."¹²⁶

The APA right to counsel, inasmuch as it is not absolute, may be circumscribed also by what can best be termed "reasonable limitations." Such limitations can reflect ethical or public interest considerations such as those in issues of disqualification of counsel.¹²⁷ The express and inherent powers of the presiding authority to control a proceeding in a fair and orderly fashion¹²⁸ may justify limits on the right to counsel as well. Several right to counsel cases have evolved from agency rules that prevent counsel from representing and being present at the testimony of more than one witness to the agency proceeding.¹²⁹

Although the use of corporate counsel under the APA right to counsel of one's choice may be circumscribed by an agency, the spirit of Section 6(a) suggests that it should not be done because of the employment status of counsel alone; there should be a showing, beyond mere argument, of the actual possibility and likelihood of injury before depriving a witness or party from exercising the right to choose counsel.¹³⁰

Certain ultimate trial rights may indicate the propriety of pretrial disclosure to corporate counsel. For example, corporate counsel may possibly be present for the disclosure of confidential information in the presentation of evidence at trial by virtue of Rule 615 of the Federal Rules of Evidence.

125. *Backer v. Commissioner*, 275 F.2d 141, 143-44 (5th Cir. 1960).

126. ATTORNEY GENERAL'S MANUAL ON THE ADMINISTRATIVE PROCEDURE ACT 61-62 (1947). See also *Suess v. Pugh*, 245 F. Supp. 661 (N.D.W.V. 1965); *Smith v. United States*, 250 F. Supp. 803 (D.C.N.J. 1966); see also *United States v. Bachman*, 267 F. Supp. 593, 595 n.2 (W.D. Pa. 1966).

127. MODEL CODE OF PROFESSIONAL RESPONSIBILITY, CANON 5, DR 5-101; CANON 9; *Pennwalt Corp. v. Plough, Inc.*, 85 F.R.D. 264, 271 (D.C. Del. 1980); *Westinghouse Elec. Corp. v. Kerr-McGee Corp.*, 580 F.2d 1311, 1321 (7th Cir.), cert. denied, 439 U.S. 955 (1978). See also *FTC v. Exxon Corp.*, 636 F.2d 1336, 1341-47 (D.C. Cir. 1980).

128. See e.g., 5 U.S.C. §556(d) (1976); *FTC v. Exxon Corp.*, 636 F.2d at 1345.

129. *Backer v. Commissioner*, 275 F.2d 141 (5th Cir. 1960); *SEC v. Higashi*, 359 F.2d 550 (9th Cir. 1966); *SEC v. Csapo*, 533 F.2d 7 (D.C. Cir. 1976); *United States v. Steel*, 238 F. Supp. 575 (S.D.N.Y. 1965).

130. *Great Lakes Screw Corp. v. NLRB*, 409 F.2d 375 (7th Cir. 1969).

Rule 615 provides:

Exclusion of Witnesses

At the request of a party the court shall order witnesses excluded so that they cannot hear the testimony of other witnesses, and it may make the order of its own motion. This rule does not authorize exclusion of (1) a party who is a natural person, or (2) an officer or employee of a party which is not a natural person designated as its representative by its attorney, or (3) a person whose presence is shown by a party to be essential to the presentation of his cause.¹³¹

Exceptions (2) and (3) may be invoked to permit the presence of corporate counsel during *in camera* sessions in a trial where corporate counsel may give evidence as a witness. The Notes of the Advisory Committee on Proposed Rules state that designation of the party representative under exception (2) may be made by the client or the attorney.¹³² The third exception can be read to include corporate counsel in light of the Advisory Committee's comment that:

The category contemplates such persons as an agent who handled the transaction being litigated or an expert needed to advise counsel in the management of the litigation.¹³³

The party seeking an exception to sequestration of witnesses has the burden of showing why a Rule 615 exception is applicable.¹³⁴ In turn, the court is required under Rule 615 to articulate fully the basis for the exercise of its discretion.¹³⁵ The court's discretion may be limited, however, where corporate counsel are argued under the third exception to be necessary to the presentation of a case. The Sixth Circuit in *Morvant v. Construction Aggregates Corp.*,¹³⁶ has held:

[W]here a party seeks to except an expert witness from exclusion under Rule 615 on the basis that he needs to hear firsthand the testimony of the witnesses, the decision whether to permit him to remain is within the discretion of the trial judge and should not normally be disturbed

131. Fed. R. Evid. 615.

132. Fed. R. Evid. 615, Advisory Committee Note.

133. *Id.*

134. *Government of Virgin Islands v. Edinborough*, 625 F.2d 472, 475 (3d Cir. 1980).

135. *Id.*

136. 570 F.2d 626 (6th Cir. 1978), *cert. dismissed*, 439 U.S. 801 (1979).

on appeal. . . . On the other hand, where a fair showing has been made that the expert witness is in fact required for the management of the case, and this is made clear to the trial court, we believe that the trial court is bound to accept any reasonable, substantiated representation to this effect by counsel.¹³⁷

Where a showing can be made that corporate counsel ultimately will have a right of access to information at trial, there is an argument that the information should be disclosed earlier in discovery so as to avoid delays during trial. The court in *Lever Bros.* concluded that because corporate personnel would have the "absolute right to examine and discuss" confidential information at trial, limiting access during discovery would merely "delay the inevitable." The effect of this delay would be frustration of the purpose of discovery in the form of substantial delays during trial for review of information at that time.¹³⁸ Even without an absolute right to view evidence at trial, disclosure may be urged on the ground that restrictive limitations in a protective order, such as the number of persons and experts allowed access, "would unnecessarily hamper the progress of [the] litigation."¹³⁹ However, some circumstances require that a decision on disclosure be made only at trial upon consideration of established facts.¹⁴⁰

3. *Procedural Defects*

Protection of confidential information can sometimes be challenged for procedural deficiencies. For example, protection for information may be obtained in some courts only by way of notice motion and not by an order to show cause.¹⁴¹ Similarly, the failure to designate confidentiality of certain documents according to the terms provided by order or allowed by a court may result in disclosure.¹⁴² A court's protective order limiting access to information sought through agency subpoena cannot be issued before an ac-

137. *Id.* at 630.

138. *United States v. Lever Bros. Co.*, 193 F. Supp. at 258. The *Lever Bros.* case, however, did not involve Rule 615.

139. *Johnson Foils, Inc. v. Huyck Corp.*, 61 F.R.D. 405, 410 (N.D.N.Y. 1973).

140. *International Nickel Co. v. Ford Motor Co.*, 15 F.R.D. 392, 394 (S.D.N.Y. 1954); *but see Metal Foil Prods. Mfg. Co. v. Reynolds Metals Co., Inc.*, 55 F.R.D. 491 (E.D. Va. 1972), in which the court, even without knowledge of the main issues of the case, ordered discovery testimony to be given under protective order rather than leaving the issue to the judge at trial.

141. *United States v. International Business Mach. Corp.*, 67 F.R.D. 40 (S.D.N.Y. 1975).

142. *FTC v. Lonning*, 539 F.2d 202, 210-11 (D.C. Cir. 1976).

tion for enforcement has commenced.¹⁴³

4. *Public Policy Factors*

An argument for disclosure to corporate counsel sometimes can be strengthened by draping it with the mantle of public policy or of the public interest. The most ubiquitous public policy in a litigation context is "the public interest in seeking the truth in every litigated case, with both sides better prepared, and the element of surprise completely eliminated."¹⁴⁴ It is likely that a court would be persuaded more readily to order disclosure from a specific showing of need than from a general public policy argument. However, the court will be balancing all competing interests; if non-disclosure "would not further such a clear public policy or the interests of justice,"¹⁴⁵ or is otherwise unsupported by public policy, the balance may well fall in favor of disclosure to corporate counsel.

5. *The Protective Order Context*

Finally, in moving for disclosure to corporate counsel on any of the grounds discussed above, one should recall and emphasize that any disclosure the court may allow will be covered by the terms of a protective order.¹⁴⁶ This fact is often neglected in the heat of argument on the merits of the motion for disclosure. Any risks that may arise from corporate counsel access are tempered by astute adherence to particular protections established in the court's order and the limited use of information in the preparation and presentation of the case.

B. *Explore Possibilities for Stipulation*

When corporate counsel are excluded across the board from access to confidential information under a protective order, there nevertheless may be instances where a limited disclosure would be acceptable by agreement of

143. *Wearly v. FTC*, 616 F.2d 662 (3d Cir. 1980), *cert. denied*, 449 U.S. 822 (1980).

144. *United States v. Lever Bros. Co.*, 193 F. Supp. at 257. In trade secret/patent cases, the interest in maintaining confidentiality can be overcome by "the public interest in seeking the truth about who is entitled to [a] patent." *Natta v. Zletz*, 405 F.2d 99, 101 (7th Cir. 1968), *cert. denied*, 395 U.S. 909 (1969). *See also* *National Polymer Prods. v. Borg-Warner Corp.*, 641 F.2d 418, 424 (6th Cir. 1981).

145. *Rosenblatt v. Northwest Airlines, Inc.*, 54 F.R.D. 21, 23 (S.D.N.Y. 1971). As an example of public policy, the court discussed a privilege for personal records not relevant in litigation so as to encourage full initial disclosure to the Internal Revenue Service.

146. *United States v. Lever Bros. Co.*, 193 F. Supp. at 258; *United States v. American Optical Co.*, 39 F.R.D. 580, 586 (N.D.Cal. 1966).

the parties on an *ad hoc* basis. The circumstances of each case should be examined closely for those areas of possible mutually agreeable exceptions to a protective order. Likely areas for stipulated access to information can include methods for designating limited or conditional confidentiality, and physical conditions for restricted access to documents.

Depending upon the circumstances of a case, there may be latitude for exceptions to the protective order concerning specific documents which, although classified as confidential, would cause no objection if revealed to corporate counsel for a purpose beneficial to the litigation as a whole. For example, in-house patent counsel might be in a position to withdraw certain causes of action in a complaint for infringement if he were given access to blueprints or product development reports that in all likelihood would confirm his doubts about questionable allegations.

Counsel might consider also a more sophisticated system for classification of documents than the simple "confidential" or "non-confidential" designations. A designation of limited confidentiality could be placed on documents to allow restricted disclosure based on the nature and substance of the information or on the identity of the party whose corporate counsel may have access. Technical documents or blueprints in some cases might be acceptable for review by corporate counsel, and designated as "Confidential Technical Information" as opposed to "Confidential Commercial Information," for example.¹⁴⁷ Similarly, documents and information of a party might be sensitive with respect to certain parties but not to others, and different tiers of confidentiality might be fashioned to reflect such relationships. With any increase in the complexity of confidentiality designation, however, comes an increased danger of inadvertent disclosure; consequently, counsel should be cautious in weighing the advantages of a system of limited confidentiality against corresponding risks.

Stipulations permitting disclosure of information to corporate counsel may be feasible if specific restrictions are established respecting the place and manner of corporate counsel's access.¹⁴⁸ Documents to be viewed by corporate counsel can be restricted to the supplier's offices or those of trial counsel. Other restrictions can include limits or prohibitions on copying or the taking of notes. Again, the amalgam of circumstances determines what restrictions are appropriate.¹⁴⁹

Another stipulated procedure is the use of non-confidential summaries

147. See, e.g., *FTC v. Lonning*, 539 F.2d 202, 206-07 (D.C. Cir. 1976); *Baxter Travenol Laboratories, Inc., v. LeMay*, 93 F.R.D. 379, 382 (S.D. Ohio 1981).

148. See, e.g., *V.D. Anderson Co. v. Helena Cotton Oil Co.*, 117 F. Supp. 932, 948-49 (E.D. Ark. 1953).

149. See, e.g., *Marshwood Co. v. Jamie Mills*, 10 F.R.D. 386 (N.D. Ohio 1950).

of confidential information. Such summaries can be drafted or approved by the supplier of information and then provided to corporate counsel. In all likelihood such summaries will not be of particular value except in very limited situations. However, even with restrictions that leave corporate counsel only a general impression instead of specific information, restricted access to confidential documents through stipulation may result in corporate counsel's being able to make some strategic contribution to decisions in litigation.¹⁵⁰

C. Detection of Improper Classification and Choice of Sanctions

If corporate counsel are restricted from access to confidential information, trial counsel should review confidential discovery for improper classification of documents which needlessly restricts information corporate counsel might otherwise review. Parties supplying confidential information have a somewhat predictable tendency to err on the side of caution when deciding whether to designate information as confidential, and may classify information improperly without bad faith. Consequently, a continued monitoring of discovery documents will ensure the broadest legitimate exposure of information to corporate counsel.¹⁵¹

There are three responses to correcting improper confidential classification of information. Initially, improper classification might be remedied most easily by a telephone call or letter. A telephone call has the advantage of speed; however, a letter copied on the court not only will address the specific problem but also indicate to the court that there may be potential abuse of its protective order. If a telephone call or letter proves ineffective, the third remedy would be through motion to the court for declassification

150. An example of where advantage might result from this practice is the situation in which corporate counsel might authorize a settlement figure if he were given an indication of the approximate dollar value of a transaction which is at issue.

151. Review of information classification is increasingly important when all parties may not be present at document productions. Faced with an apparent matter of first impression, one district court concluded:

[T]he [Protective] Order can apply to information obtained through discovery methods by counsel for one party when counsel for the other party is not present. This Court could find no case law authority for this proposition (and the parties have cited none), but it is not foreclosed by the language of Fed. R. Civ. P. 26(a), describing a variety of "discovery methods." Once this proposition is accepted, it follows that the counsel of one party cannot be expected to designate documents as confidential at the time of "production," when counsel would not be present at the production. Counsel would be obliged, of course, to so designate documents (if they wished) once they learned that a third party . . . had "produced" documents for counsel of the other party.

Baxter Travenol Laboratories, Inc., v. LeMay, 93 F.R.D. 379, 383 (S.D. Ohio 1981).

of documents based on the applicable definition of "confidential information." Such motions should be filed promptly upon finding improper classification in order to place all information before corporate counsel as early as possible as well as to inhibit any continued practice of improper designation of documents and to foreclose any opposing arguments of untimeliness or waiver.¹⁵²

If there is repeated abuse¹⁵³ of classification of information, any of three motions may be used to address the problem. Where a large number of documents is involved, one can file a motion for an order to show cause why all of a party's documents should not be declassified in the absence of justification for confidential classification of specific documents. This show cause order forces a party to "come clean" on all its documents and meet expressly and affirmatively its burden of showing the appropriateness of confidential designations.¹⁵⁴ Abuse of confidential designation might also provide grounds for a motion to amend the protective order to include corporate counsel.¹⁵⁵ If the abuse is so pervasive as to preclude preparation of a case or interfere with a right to adequate or effective counsel,¹⁵⁶ the inclusion of corporate counsel under the protective order might be a defensible remedy to the abuse.¹⁵⁷

The third motion and most extreme remedy concerning abuse of confidential designation is a motion for sanctions.¹⁵⁸ In requesting sanctions, counsel should consider the full spectrum of sanctions available and suggest lesser as well as more drastic sanctions. Undoubtedly, one wants to obtain as much advantage from the situation as possible, but a court is limited to granting sanctions appropriate to the circumstances without overreaching.¹⁵⁹ If no such sanctions are requested, a court might well be disinclined

152. An argument of waiver prevailed in *FTC v. Lonning*, 539 F.2d 202, 210-11 (D.C. Cir. 1976).

Another method of resolving disputes concerning confidential designation is to submit the information at issue to a special master for classification. *See, e.g., Cities Serv. Oil Co. v. Celanese Corp. of Am.*, 10 F.R.D. 458, 460 (D. Del. 1950). *See also Sisk, Discovery, Protective Techniques and Strategy in Trade Secret Litigation*, in *PROTECTING AND PROFITING FROM TRADE SECRETS* 62-63 (1979); Fed. R. Civ. P. 53.

153. One example of abuse of confidential classification is unnecessary confidential classification of discovery requests themselves, *e.g.*, interrogatories, to inhibit house counsel in the preparation of responses.

154. *See, e.g., Appendix*, para. 7.

155. *See generally* discussion in Section III C, text accompanying notes 151-68 *supra*.

156. *See* discussion in Section III A(1)(d), *supra* text accompanying notes 108-40.

157. Issuing a protective order as a remedy for classification abuse might well be preferable to a judge as an alternative to applying sanctions.

158. Fed. R. Civ. P. 37(b)(2).

159. Rule 37 states that the court may issue orders only for sanctions "as are just." *Id.*

or too unimaginative to fashion its own.¹⁶⁰

Sanctions available for either abuse or breach of a protective order run a broad range. Sanctions bearing directly on the cause of offending actions include on the lesser end of the spectrum a showing that correction has been rendered and an undertaking of assurances that no similar violation will recur. A corrective order also can require the establishment and proof of a system of checks within an office to prevent inadvertent disclosure or classification of confidential information. More severe direct measures are the disqualification of counsel responsible for abuse or breach of the protective order and personal responsibility for resulting costs, expenses and attorneys fees.¹⁶¹

Indirect sanctions for abuse or breach of a protective order are the more traditional sanctions such as those set forth in Federal Rule of Civil Procedure 37(b)(2). The most drastic sanctions include dismissal of the action, a judgment adverse to the offending party,¹⁶² or a contempt citation.¹⁶³

160. See, e.g., *Ferguson v. Ford Motor Co.*, 8 F.R.D. 414, 416 (S.D.N.Y. 1948).

161. An abuse of confidential designation could be argued in extreme circumstances to constitute a violation of the obligation of counsel under Canon 7 to represent a client zealously within the bounds of the law.

EC 7-20 In order to function properly, our adjudicative process requires an informed, impartial tribunal capable of administering justice promptly and efficiently according to procedures that command public confidence and respect. Not only must there be competent, adverse presentation of evidence and issues, but a tribunal must be aided by rules appropriate to an effective and dignified process. The procedures under which tribunals operate in our adversary system have been prescribed largely by legislative enactments, court rules and decisions, and administrative rules. Through the years certain concepts of proper professional conduct have become rules of law applicable to the adversary adjudicative process. Many of these concepts are the bases for standards of professional conduct set forth in the Disciplinary Rules.

DR 7-102 Representing a Client Within the Bounds of the Law

(A) In his representation of a client, a lawyer shall not:

- (1) File a suit, assert a position, conduct a defense, delay a trial, or take other action on behalf of his client when he knows or when it is obvious that such action would serve merely to harass or maliciously injure another. . . .(3) Conceal or knowingly fail to disclose that which he is required by law to reveal. . . .(5) Knowingly make a false statement of law or fact. . . .(8) Knowingly engage in other illegal conduct or conduct contrary to a Disciplinary Rule.

(B) A lawyer who receives information clearly establishing that:

- (1) His client has, in the course of the representation, perpetrated a fraud upon a person or tribunal shall promptly call upon his client to rectify the same. . . .(2) A person other than his client has perpetrated a fraud upon a tribunal shall promptly reveal the fraud to the tribunal.

Attorneys may be held personally responsible for excess costs, expenses and attorneys' fees reasonably incurred from unreasonable or vexatious multiplication of a proceeding under 28 U.S.C. §1927 (1982).

162. Fed. R. Civ. P. 37(b)(2)(A) and (C).

Such sanctions in the context of a protective order concerning confidential information would be unlikely in the absence of flagrant and intentional conduct;¹⁶⁴ even then, such a sanction may provide little comfort where sensitive commercial or trade secret information becomes public. If the abused information relates to something less than the full merits of a case, dismissal of a particular pertinent cause of action or pleading might be more of a well tailored response.¹⁶⁵ Should dismissal of any or all parts of the action be inappropriate, a stay of the proceedings may be more palatable to the court, especially where there is a desire or possibility for an offending party to reform its objectionable activity.¹⁶⁶ Evidentiary sanctions, particularly a prohibition on the introduction of improperly classified information, may be fitting.¹⁶⁷ Costs and attorney's fees resulting from a party's failure to obey the protective order are authorized also under Rule 37(b)(2).¹⁶⁸

D. *Equal Application of Protective Order Restrictions*

As a matter of course, trial counsel should see that corporate counsel of opposing parties are in fairness generally restricted to the same extent as one's own corporate counsel. Attention should be given not only to the more obvious question of the types of restrictions on confidential information; counsel should examine also whether opponent's trial counsel might be "employees of a party" within the definition of a protective order.

Trial counsel bound by the terms of a protective order are obligated to use confidential information for no other purpose than the litigation for which the information is produced. Yet, it is common for trial counsel to advise or act for a party on matters affecting its business activity, but outside the litigation in which a protective order is issued. Such advice could be tantamount to business rather than legal advice.¹⁶⁹

If it can be demonstrated that particular trial counsel have extensive contacts with a client party outside the scope of litigation, or in other

163. "[T]he second subsection [of Rule 37(b)] authorizes a variety of sanctions, including contempt, which may be imposed by the court in which the action is pending." Fed. R. Civ. P. 37, Notes of Advisory Committee on Rules, 1970 Amendment.

164. Conduct sufficiently egregious to result in these sanctions most likely constitutes grounds for disciplinary action as well.

165. Fed. R. Civ. P. 37(b)(2)(C).

166. *Id.*

167. Fed. R. Civ. P. 37(b)(2)(A) and (B).

168. Reasonable expenses and attorney's fees will not be awarded, however, where the failure to obey a protective order is substantially justified or the award of expenses is otherwise unjust in the circumstances of the case. Fed. R. Civ. P. 37(b).

169. This possibility would be likely in antitrust or securities matters, for example, or similarly in situations where outside counsel handle a company's patent applications.

words, that trial counsel can be considered "alter egos" of the party rather than "independent professionals and officers of the court,"¹⁷⁰ there may be substantial grounds for exclusion of certain opposing trial counsel from access to confidential information.¹⁷¹ Alternatively, the lack of any distinction between the functions of opposing outside trial counsel and corporate counsel can be offered to justify disclosure to corporate counsel.

E. *Preventive Monitoring of Legislation and Agency Rulemaking*

Corporate counsel who have clients with a continuing interest in a particular subject matter or who appear regularly before an agency can exercise some preventive caution through review of pertinent legislation or rulemaking. Proposed agency rules and legislation before Congress may bear directly or indirectly upon the ability of corporate counsel to obtain access to information, and their formative stages are often the best time to protect corporate counsels' interests in both obtaining and protecting confidential material.

An unusually direct example of an agency rule affecting corporate counsel access to information is rule 207.7¹⁷² of the U.S. International Trade Commission. In the early proposals for the International Trade Commission's rules governing investigations of injury to the domestic industry in dumping and countervailing duty cases,¹⁷³ Rule 207.7 allowed disclosure of certain confidential information to "an attorney of a party to the investigation, excepting in-house counsel."¹⁷⁴ The proposed rule received extensive public comment, even from corporations which had never appeared previously before the Commission, from corporate law sections of several bar associations, and from an *ad hoc* association of corporate counsel created to address the proposed rule.¹⁷⁵ These comments caused a reconsideration of the proposed rule and an examination of several alternative draft rules.¹⁷⁶ Ultimately Rule 207.7 was adopted in a form which excludes corporate

170. *Connors Steel Co. v. United States*, 85 Cust. Ct. 112, C.R.D. 80-9 (1980); *see also* Note, *International Trade: Discovery of Confidential Information in Antidumping Cases*, 22 HARV. INT'L L.J. 224, 226 (1981).

171. Such an argument, as with respect to corporate counsel, may be made without regard to the personal integrity of counsel. It is based on a like general concern for a significant risk of unconscious and unfair use of confidential information.

172. 19 C.F.R. §207.7 (1984).

173. Tariff Act of 1930, §§701-707, §§731-740 (codified as 19 U.S.C. §§1671-1671f, §§1673-1673i (Supp. V 1981)).

174. 44 Fed. Reg. 76,458, 76,461 (1979).

175. 45 Fed. Reg. 57,147 (1980).

176. 46 Fed. Reg. 28,673 (1981).

counsel;¹⁷⁷ nevertheless, it is fair to say that any significant possibility of defeating the rule existed particularly at the time of its proposal. Thereafter it was extremely difficult to challenge successfully the Commission's authority to adopt such a rule.¹⁷⁸

Legislation can govern any number of important aspects in the classification and handling of confidential information. The Freedom of Information Act exemptions are often the subject of lobbying and congressional attention.¹⁷⁹ Of particular breadth in its treatment of confidential information is the Federal Trade Commission Improvements Act of 1980.¹⁸⁰ The Improvements Act prohibits the disclosure of information which was obtained through compulsory process and which is within exemption 4 of the F.O.I.A.¹⁸¹ Furthermore, the Improvements Act addresses mandatory confidentiality, custodial treatment, confidential marking, return of confidential materials, and permissible disclosure.¹⁸² Regardless of a bill's purpose and subject matter, attention should be paid to legislation having information

177. The version of Rule 207.7 finally adopted reads in pertinent part: "[T]he Secretary shall make such confidential information available to an attorney of such an interested party, excepting corporate counsel, under a protective order. . . ." 19 C.F.R. §207.7(a) (1984).

Adoption of this form of the rule was based on the following rationale: [T]he Commission finds that there is no apparent viable alternative to the current rule. Even though each of the alternatives considered has certain merits, on balance the present restriction best encourages voluntary submission of information, discourages disputes over release of information, and provides a bright-line, self-executing standard. Therefore, the Commission has determined that the current restriction will be retained, except that the phrase "in-house counsel" will be replaced by the phrase "corporate counsel." 47 Fed. Reg. 6,188 (1982).

178. As noted above the Court of Appeals for the Federal Circuit in *United States Steel Corp. v. United States* declined to address the validity of any ITC *per se* rule on disclosure to corporate counsel. *See supra* note 26 and accompanying text. Judicial review would be successful only upon a more stringent showing of error. 5 U.S.C. §706(2)(A)-(D) (1976). Furthermore, a court may not impose its own set of protections unless the agency abuses its discretion in determining what protection confidential information should receive under its own protective order. *Exxon Corp. v. FTC*, 588 F.2d 895, 903 (3d Cir. 1978).

179. Concern for inadvertent disclosure from F.O.I.A. responses surfaces in Congress periodically. The Federal Drug Administration, the only federal agency without a pre-release notification policy, was the subject of Congressional scrutiny following repeated mistaken disclosure of confidential information. *Wash. Post*, Jan. 10, 1983, at A11. The mistaken release of an herbicide formula by the Environmental Protection Agency responding to a F.O.I.A. request was further cause for the chemical industry's efforts to have Congress limit F.O.I.A. disclosure of commercial information. *Wash. Post*, Sept. 18, 1982, at 1. *See supra* notes 55-56.

180. Pub. L. No. 96-252, 94 Stat. 374 (1980) (codified in sections of 15 U.S.C.) (hereinafter cited as Improvements Act.)

181. Improvements Act § 3(a) amending § 6(f) and adding § 21 of the Federal Trade Commission Act, 15 U.S.C. §§46(f) and 57b-2 (1982).

182. 15 U.S.C. §57b-2 (1982).

disclosure or reporting requirements which can involve confidential information.¹⁸³

IV. CONCLUSION

The question of who gets what information is an issue central to any litigation. Protective orders are perhaps the single most important means of achieving a pragmatic resolution of that issue where confidential information is involved. A protective order simultaneously safeguards the interests of competing parties and the general interest of the forum in maintaining its ability to adjudicate fully and fairly. Thus, a protective order can serve as a linchpin which holds together successful litigation.

Protective orders, however, adversely affect the choice of counsel of a corporate party when they restrict corporate counsel's access to confidential information. Corporate counsel, who by their unique position are of greatest advantage to the client, ironically from that very circumstance are sometimes prevented by a protective order from meaningful participation in litigation. Limited access for corporate counsel reflects a balance struck against a party's individual interest in counsel of choice in favor of protection of an opposing party's confidential information, and also in favor of the forum's general interest in encouraging full discovery without any perception of extraordinary risk of inadvertent disclosure or unfair use of confidential information.

Even though denied access to information under a protective order, corporate counsel may take steps to maintain their level of contribution to litigation. Counsel should insist that the scope of the protective order be limited only to information deserving the protection of confidentiality so that corporate counsel access to discovery and evidence is maximized. Stipulations should avoid where possible unnecessary protection of confidential information. Furthermore, protective order restrictions should be applied equally to all parties to prevent any unfair advantage.

Most importantly, a protective order should be challenged if circumstances on balance do not fully justify the order's restriction of corporate counsel's participation. In the words of the Federal Circuit, "[T]he factual circumstances surrounding each individual counsel's activities, association, and relationship with a party, whether counsel be in-house or retained, must govern any concern for inadvertent or accidental disclosure."¹⁸⁴ The balance struck in the decision on whether to issue a protective order ought

183. See, e.g., Export Trading Company Act of 1982, 15 U.S.C. §4019 (1982).

184. *United States Steel Corp. v. United States*, No. 84-639, slip op. at 5 (Fed. Cir. Mar. 23, 1984).

to be a delicate one. Consequently, all relevant factors should be considered in the context of each case before a party is to be denied its first counsel of choice or before disclosure of confidential information is permitted to all counsel. Perhaps, in the end, the proper analysis in litigation is the same as in life: "The fact of't is, *all* men can be trusted, but not with the same things."¹⁸⁵

185. J. BARTH, THE SOT-WEED FACTOR 520 (1969).

APPENDIX

PROTECTIVE ORDER*

WHEREAS, documents and information are sought, produced or exhibited by and among the parties to the above captioned proceeding, which materials relate to trade secrets or other confidential research, development or commercial information,

IT IS HEREBY ORDERED THAT:

1. Confidential business information is information which has not been made public and which concerns or relates to the trade secrets, processes, operations, style of work, or apparatus, or to the production, sales, shipments, purchases, transfers, identification of customers, inventories, amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or other organization, the disclosure of which information is likely to have the effect of either (1) impairing the Court's [or Agency's] ability to obtain such information as is necessary for a complete record, or (2) causing substantial harm to the competitive position of the person, firm, partnership, corporation, or other organization from which the information was obtained, [unless the Agency is required by law to disclose such information].

2. Any information submitted, either voluntarily or pursuant to order, which is asserted by a supplier to contain or constitute confidential business information shall be so designated by such supplier in writing, or orally at a deposition, conference or hearing, and shall be segregated from other information being submitted. If any confidential business information is supplied by a nonparty to this litigation such a nonparty shall be considered a "supplier" within the meaning of that term as it is used in the context of this order. Documents shall be clearly and prominently marked on their face with the legend: "[supplier's name] CONFIDENTIAL BUSINESS INFORMATION, SUBJECT TO PROTECTIVE ORDER," or a comparable notice. Such information whether submitted in writing or in oral testimony shall be disclosed at any hearing only *in camera* before the Court.

3. In the absence of written permission from the supplier or an order

* For the sake of reference and example, this Protective Order is a rather restrictive order with more provisions than might be found ordinarily in more typical orders. As a result, the Order is not drafted to be an internally consistent document.

by the Court, any confidential documents or business information submitted in accordance with the provisions of paragraph 2 above shall not be disclosed to any person other than: (i) outside counsel for parties to this litigation, including necessary secretarial and clerical personnel assisting such counsel, (ii) qualified persons taking testimony involving such documents or information and necessary stenographic and clerical personnel thereof, (iii) technical experts and their staff who are employed for the purposes of this litigation (unless they are otherwise employed by, consultants to, or otherwise affiliated with a party, or are employees of any domestic or foreign manufacturer, wholesaler, retailer, or distributor of the subject matter of this case), and (iv) the Court and its personnel [the Agency and its staff and personnel of any governmental agency as authorized by the Agency].

4. Confidential business information submitted in accordance with the provisions of paragraph 2 above shall not be made available to any person designated in paragraph 3(i) and (iii) unless he or she shall have first read this order and shall have agreed, by the attached Nondisclosure Agreement filed with the Court and served on all parties: (i) to be bound by the terms thereof; (ii) not to reveal such confidential business information to anyone other than another person designated in paragraph 3; and (iii) to utilize such confidential business information solely for purposes of this litigation. The term "litigation" shall be deemed to include any appeal or remand resulting therefrom.

5. If the Court orders, or if the supplier and all parties to the investigation agree, that access to or dissemination of information submitted as confidential business information shall be made to persons not included in paragraph 3 above, such matter shall only be accessible to, or disseminated to, such persons based upon the conditions pertaining to, and obligations arising from this order, and such persons shall be considered subject to it, unless the Court finds that the information is not confidential business information as defined in paragraph 1 hereof.

6. The restrictions upon, and obligations accruing to, persons who become subject to this order shall not apply to any information submitted in accordance with paragraph 2 above to which the person asserting the confidential status thereof agrees in writing, or the Court rules upon proper motion, was publicly known at the time it was supplied to the receiving party or has since become publicly known through no fault of the receiving party.

7. If a party to this order who is to be a recipient of any business information designated as confidential and submitted in accordance with paragraph 2, disagrees with respect to such a designation, in full or in part,

it shall notify the supplier in writing, and they will thereupon confer as to the status of the subject information proffered within the context of this order. If prior to, or at the time of such a conference, the supplier withdraws its designation of such information as being subject to this order, but nonetheless submits such information for purposes of the investigation, such supplier shall express the withdrawal, in writing, and serve such withdrawal upon all parties and the Court. If the recipient and supplier are unable to concur upon the status of the subject information submitted as confidential business information within ten days from the date of notification of such disagreement, any party to this order may raise the issue of the designation of such a status by way of motion to the Court. On such motion, the party asserting confidentiality shall have the burden of proving that the material in question is within the scope of protection afforded by Rule 26(c) of the Federal Rules of Civil Procedure and this Order.

8. This Protective Order shall not prevent any party from applying to the Court for relief therefrom, or from applying to the Court for further or additional Protective Orders, or from agreeing between themselves to modification of this Protective Order, subject to the approval of the Court.

9. All transcripts, depositions, exhibits, answers to interrogatories and other documents filed with the Court pursuant to the pretrial discovery of either party to this action which previously have been promptly designated in writing by either party as comprising or containing Confidential Information and all pleadings or memoranda purporting to reproduce or paraphrase such Confidential Information shall be filed in sealed envelopes or other appropriate sealed containers on which shall be endorsed the title of this action, an indication of the nature of the contents of such sealed envelope or other container, the word "CONFIDENTIAL" and a statement substantially in the following form:

—This envelope containing documents which are filed in this case by (name or party) is not to be opened nor the contents thereof to be displayed or revealed except by order of the Court.—

10. Confidential information, when in tangible form, must be maintained by the party to whom it is produced or supplied at the business office of the outside counsel of record in this action for such party and may not be transferred, moved or taken to any other location at any time, except with permission of the supplying party or the Court. No copies of confidential information shall be made except for purposes of this litigation and as authorized in writing by counsel for the supplier party or by order of the Court. A record of authorizations shall be maintained, together with a log

showing pertinent details of the copying.

The party producing any document or thing marked CONFIDENTIAL pursuant to paragraph 2 hereof shall retain the original thereof but any other party, by its counsel, shall have the right to examine the original, to be provided with a full and complete copy and to call for production of the original at the trial of this action.

11. If counsel for any party believes that questions put to a witness being examined in pre-trial deposition will disclose trade secrets or confidential business information of his client, or that the answers to any question or questions require such disclosure, or if documents to be used as exhibits during the examination contain such confidential information, such counsel shall so notify opposing counsel and the deposition of such witness, or confidential portions thereof, shall be taken in the presence of only persons subject to this order.

12. Transcripts of such depositions shall be treated as confidential materials in accordance with this Protective Order, except that within thirty days after counsel for the party requesting such treatment of any depositions or exhibits therein marked has received a copy of the transcript of such deposition, he shall designate to opposing counsel those portions of the transcript regarded as confidential and those portions only will be handled thereafter in accordance with the provisions of this Protective Order.

13. Each court reporter who takes testimony shall sign an undertaking in the form attached. Each person subject to this order shall take all appropriate steps to ensure that all legal assistants and clerical assistants subject to this order are apprised of the terms of this order and the requirements herein as to confidentiality.

14. The Agency acknowledges that any document or information submitted as confidential business information pursuant to paragraph 2 above is to be treated as such within the meaning of 5 U.S.C. 552(b)(4) and 18 U.S.C. 1905, subject to a challenge by any party pursuant to the terms of this order or to a final ruling, after notice, by the Agency or its Freedom of Information Act Officer to the contrary, or by appeal of such a ruling, interlocutory or otherwise.

15. The Agency shall take all necessary and proper steps to preserve the confidentiality of, and to protect each supplier's rights with respect to, any confidential business information designated by the supplier in accordance with paragraph 2 above, including, without limitation, (a) notifying the supplier promptly of: (i) any inquiry or request by anyone for the sub-

stance of or access of such confidential business information, other than those authorized pursuant to this order, under the Freedom of Information Act, as amended (5 U.S.C. 552), and (ii) any proposal to declassify or make public any such confidential business information; and (b) providing the supplier at least seven days after receipt of such inquiry or request within which to take action before the Agency or its Freedom of Information Act Officer, or otherwise to preserve the confidentiality of and to protect its rights in, and to, such confidential business information.

16. No less than ten days prior to the initial disclosure of any confidential information submitted in accordance with paragraph 2 to a proposed expert, the party proposing to use such expert shall submit in writing the name of such proposed expert and his or her educational and employment history to the supplier. If the supplier objects to the disclosure of such confidential business information to such proposed expert as inconsistent with the language or intent of this order or on other grounds, it shall notify the recipient in writing of its objection and the grounds therefor, and if the dispute is not resolved on an informal basis, the supplier within ten days of receipt of such notice of objections shall submit each objection to the Court for a ruling. Submission of confidential business information to such proposed expert shall be withheld pending the ruling of the Court. [The terms of this paragraph shall be inapplicable to experts within the Agency or to experts from other governmental agencies who are consulted with or used by the Agency.]

17. If confidential business information submitted in accordance with paragraph 2 is disclosed to any person other than in the manner authorized by this protective order, the party responsible for the disclosure must immediately bring all pertinent facts relating to such disclosure to the attention of the supplier and the Court and, without prejudice to other rights and remedies of the supplier, make every effort to prevent further disclosure by it or by the person who was the recipient of such information.

18. Within 30 (thirty) days of the final conclusion of this litigation, each party that is subject to this order shall assemble and return to the supplier all items containing confidential business information submitted in accordance with paragraph 2 above, including all copies of such matter which may have been made, but not including copies containing notes or other attorney's work product that may have been placed thereon by counsel for the receiving party. All copies containing notes or other attorney's work product shall be destroyed. Receipt of material returned to the supplier shall be acknowledged in writing.

NONDISCLOSURE AGREEMENT

I, _____ do solemnly swear (or affirm) that I have read the Protective Order attached and will not divulge any information covered by this Protective Order to any person for any purpose, other than that directly associated with my official duties in connection with the instant litigation. Neither will I directly or indirectly use, or allow the use of such information for any purpose other than that directly associated with my official duties in connection with the instant litigation.

Further, I will not by direct action, discussion, recommendation, or suggestion to any person reveal the nature or content of any information covered by this Protective Order.

Signed _____

Dated _____

Firm or affiliation

