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Minnesota State Bar Association

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April 21, 1987

President
RICHARD L. PEMBERTON
110 N. Mill St.
Fergus Falls, MN 56537
(218) 736-5493

Wayne O. Tschimperle, Clerk
230 State Capitol
St. Paul, MN 55155

Dear Mr. Tschimperle:

Enclosed is the original and ten copies, as specified by your office, of a petition for a change in Rule 3.7 of the Minnesota Rules of Professional Conduct.

Sincerely,

Tim Groshens
Executive Director

TG/rs
encs.

Case No. C8-84-1650

STATE OF MINNESOTA
IN SUPREME COURT

OFFICE OF
APPELLATE COURTS
FILED

APR 23 1987

WAYNE TSCHIMPERLE
CLERK

In the Matter of the Petition of the Minnesota State Bar Association, a Corporation, with Regard to Rule 3.7 of the Minnesota Rules of Professional Conduct.

PETITION

TO THE SUPREME COURT OF MINNESOTA:

Petitioner, Minnesota State Bar Association (MSBA), states:

1. Petitioner is a nonprofit corporation of attorneys admitted to practice law before this Court.

2. This Court, under its constitutionally-vested judicial power, has inherent and exclusive power to prescribe conditions upon which persons may be admitted to practice in the courts of Minnesota, and to supervise the conduct of attorneys admitted to practice in Minnesota.

3. The Minnesota Rules of Professional Conduct (Minnesota Rules) were adopted by the Minnesota Supreme Court, effective September 1, 1985, as the standard of professional responsibility for lawyers admitted to practice in Minnesota. The Minnesota Rules are based on the American Bar Association Model Rules of Professional Responsibility (ABA Model Rules), which were studied extensively by an MSBA committee prior to adoption. While the Minnesota Rules are substantially similar to the ABA Model Rules, there are significant departures.

4. One departure involves Rule 3.7 of the Minnesota Rules, which reads as follows:

Rule 3.7 Lawyer as Witness

A lawyer shall not act as an advocate at a trial in which the lawyer or a lawyer in the firm is likely to be a necessary witness, except where:
(emphasis added)

(a) the testimony relates to an uncontested issue;

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

(c) disqualification of the lawyer would work substantial hardship on the client; or

(d) the testimony will relate solely to a matter of formality and there is no reason to believe that substantial evidence will be offered in opposition to the testimony.

Rule 3.7 of the ABA Model Rules reads as follows:

Rule 3.7 Lawyer as Witness

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

(1) the testimony relates to an uncontested issue;

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

(3) disqualification of the lawyer would work substantial hardship on the client.

(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.

5. Under Minnesota Rule 3.7, if a lawyer is likely to be a "necessary witness" at trial, all other lawyers in his or her firm are disqualified from serving as advocates at trial unless one of the exceptions a-d is demonstrated. In contrast, ABA Model Rule 3.7 disqualifies only the testifying lawyer from serving as advocate at trial. Other lawyers in the firm are disqualified as advocates only if precluded from doing so by Rule 1.7 or Rule 1.9, which relate to conflicts of interest.

6. The Civil Litigation Section of the MSBA recommended to the MSBA Board of Governors that the MSBA petition the Minnesota Supreme Court to change Rule 3.7 of the Minnesota Rules to eliminate the automatic disqualification of a law firm where a member is a necessary witness by adopting ABA Model Rule 3.7. The Section so recommended for the following reasons:

a. Minnesota Rule 3.7 tends to deny clients counsel of their choice;

b. Minnesota Rule 3.7 offers less flexibility to a court in deciding how to handle the issue of disqualification of counsel in a particular situation;

c. Minnesota Rule 3.7 tends to lead to additional pretrial skirmishing, resulting in increased client costs and the waste of judicial time;

d. Minnesota Rule 3.7 negatively impacts the practice of patent law by Minnesota lawyers, as noted in the

attached letter from the MSBA Patent, Trademark, and Copyright Committee;

e. ABA Model Rule 3.7 was adopted to provide uniformity and to serve as a model act for all state and federal courts. In the absence of a local situation requiring an exception, the ABA Rule should be adopted.

7. The MSBA Board of Governors and House of Delegates adopted the Civil Litigation Section's report that the MSBA so petition the Minnesota Supreme Court. The Section's action was endorsed by the MSBA Patent, Trademark, and Copyright Committee and the MSBA Computer Law Section. A copy of the report of the Civil Litigation Section and endorsements by the Patent, Trademark, and Copyright Committee and Computer Law Section are attached.

WHEREFORE, PETITIONER RESPECTFULLY REQUESTS that the Court substitute Rule 3.7 of the Minnesota Rules of Professional Conduct with the following rule:

Rule 3.7 Lawyer as Witness

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

(1) the testimony relates to an uncontested issue;

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

(3) disqualification of the lawyer would work substantial hardship on the client.

(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.

Dated: April 20, 1987

Minnesota State Bar Association
A Nonprofit Corporation

By: _____
Richard L. Pemberton, President

By: _____
Jeffrey J. Keyes, Chairperson
Civil Litigation Section

Attachments:
Request of the MSBA Civil Litigation Section
Endorsement Letter from the MSBA Patent, Trademark, and Copyright Committee
Endorsement Resolution from the MSBA Computer Law Section

#2 Civil Litigation Section

Recommended that the MSBA petition the Minnesota Supreme Court for a change in Rule 3.7 of the Rules of Professional Conduct to eliminate the automatic disqualification of a law firm where a member is a necessary witness by substituting the following rule:

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

(1) the testimony relates to an uncontested issue;

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

(3) disqualification of the lawyer would work substantial hardship on the client.

(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.

Rule 3.7. Lawyer as Witness

A lawyer shall not act as an advocate at a trial in which the lawyer or a lawyer in the firm is likely to be a necessary witness, except where:

(a) the testimony relates to an uncontested issue;

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

(c) disqualification of the lawyer would work substantial hardship on the client; or

(d) the testimony will relate solely to a matter of formality and there is no reason to believe that substantial evidence will be offered in opposition to the testimony.

Comment—1985

Combining the roles of advocate and witness can prejudice the opposing party and can involve a conflict of interest between the lawyer and client.

The opposing party has proper objection where the combination of roles may prejudice that party's rights in the litigation. A witness is required to testify on the basis of personal knowledge, while an advocate is expected to explain and comment on evidence given by others. It may not be clear whether a statement by an advocate-witness should be taken as proof or as an analysis of the proof.

Paragraph (a) recognizes that if the testimony will be uncontested, the ambiguities in the dual role are purely theoretical. Paragraph (b) recognizes that where the testimony concerns the extent and value of legal services rendered in the action in which the testimony is offered, permitting the lawyers to testify avoids the need for a second trial with new counsel to resolve that issue. Moreover, in such a situation the judge has first hand knowledge of the matter in issue; hence, there is less dependence on the adversary process to test the credibility of the testimony.

Apart from these two exceptions, paragraph (c) recognizes that a balancing is required between the interests of the client and those of the opposing party. Whether the opposing party is likely to suffer prejudice depends on the nature of the case, the importance and probable tenor of the lawyer's testimony, and the probability that the lawyer's testimony will conflict with that of other witnesses. Even if there is risk of such prejudice, in determining whether the lawyer should be disqualified due regard must be given to the effect of disqualification on the lawyer's client. It is relevant that one or both parties could reasonably foresee that the lawyer would probably be a witness.

RULE 3.7 LAWYER AS WITNESS

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

(1) the testimony relates to an uncontested issue;

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

(3) disqualification of the lawyer would work substantial hardship on the client.

(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9.

Comment

Combining the roles of advocate and witness can prejudice the opposing party and can involve a conflict of interest between the lawyer and client.

The opposing party has proper objection where the combination of roles may prejudice that party's rights in the litigation. A witness is required to testify on the basis of personal knowledge, while an advocate is expected to explain and comment on evidence given by others. It may not be clear whether a statement by an advocate-witness should be taken as proof or as an analysis of the proof.

Paragraph (a)(1) recognizes that if the testimony will be uncontested, the ambiguities in the dual role are purely theoretical. Paragraph (a)(2) recognizes that where the testimony concerns the extent and value of legal services rendered in the action in which the testimony is offered, permitting the lawyers to testify avoids the need for a second trial with new counsel to resolve that issue. Moreover, in such a situation the judge has firsthand knowledge of the matter in issue; hence, there is less dependence on the adversary process to test the credibility of the testimony.

Apart from these two exceptions, paragraph (a)(3) recognizes that a balancing is required between the interests of the client and those of the opposing party. Whether the opposing party is likely to suffer prejudice depends on the nature of the case, the importance and probable tenor of the lawyer's testimony, and the probability that the lawyer's testimony will conflict with that of other witnesses. Even if there is risk of such prejudice, in determining whether the lawyer should be disqualified due regard must be given to the effect of disqualification on the lawyer's client. It is relevant that one or both parties could reasonably foresee that the lawyer would probably be a witness. The principle of imputed disqualification stated in Rule 1.10 has no application to this aspect of the problem.

Whether the combination of roles involves an improper conflict of interest with respect to the client is determined by Rule 1.7 or 1.9. For example, if there is likely to be substantial conflict between the testimony of the client and that of the lawyer or a member of the lawyer's firm, the representation is improper. The problem can arise whether the lawyer is called as a witness on behalf of the client or is called by the opposing party. Determining whether or not such a conflict exists is primarily the responsibility of the lawyer involved. See Comment to Rule 1.7. If a lawyer who is a member of a firm may not act as both advocate and witness by reason of conflict of interest, Rule 1.10 disqualifies the firm also.

Model Code Comparison

DR 5-102(A) prohibited a lawyer, or the lawyer's firm, from serving as advocate if the lawyer "learns or it is obvious that he or a lawyer in his firm ought to be called as a witness on behalf of his client." DR 5-102(B) provided that a lawyer, and the lawyer's firm, may continue representation if the "lawyer learns or it is obvious that he or a lawyer in his firm may be called as a witness other than on behalf of his client . . . until it is apparent that his testimony is or may be prejudicial to his client." DR 5-101(B) permitted a lawyer to testify while representing a client: "(1) If the testimony will relate solely to an uncontested matter; (2) If the testimony will relate solely to a matter of formality and there is no reason to believe that substantial evidence will be offered in opposition to the testimony; (3) If the testimony will relate solely to the nature and value of legal services rendered in the case by the lawyer or his firm to the client; (4) As to any matter if refusal would work a substantial hardship on the client because of the distinctive value of the lawyer or his firm as counsel in the particular case."

The exception stated in paragraph (a)(1) consolidates provisions of DR 5-101(B)(1) and (2). Testimony relating to a formality, referred to in DR 5-101(B)(2), in effect defines the phrase "uncontested issue," and is redundant.

MINNESOTA STATE BAR ASSOCIATION
PATENT, TRADEMARK AND COPYRIGHT LAW COMMITTEE

January 30, 1987

Mr. Richard L. Pemberton, President
Minnesota State Bar Association
Minnesota Bar Center
430 Marquette Avenue, Suite 403
Minneapolis, MN 55401

Dear Mr. Pemberton:

The Patent, Trademark and Copyright Committee of the Minnesota State Bar Association (MSBA) is, by this letter, requesting the MSBA to petition the Minnesota Supreme Court to amend Rule 3.7 of the Minnesota Rules of Professional Conduct so that the Minnesota Rule complies substantially with Rule 3.7 of the American Bar Association's Model Rules of Professional Responsibility.

Rule 3.7 of the Minnesota Rules of Professional Conduct read as follows:

> "A lawyer shall not act as an advocate at a trial in which the lawyer or a lawyer in the firm is likely to be a necessary witness, except where: (emphasis added)
>
> (a) the testimony relates to an uncontested issue;
>
> (b) the testimony relates to the nature and value of legal services rendered in the case;
>
> (c) disqualification of the lawyer would work substantial hardship on the client; or
>
> (d) the testimony will relate solely to a matter of formality and there is no reason to believe that substantial evidence will be offered in opposition to the testimony."

Rule 3.7 of the ABA Model Rules of Professional Responsibility read as follows:

> "(a) A lawyer shall not act as advocate at a

trial in which the lawyer is likely to be a necessary witness except where:

(1) the testimony relates to an uncontested issue;

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

(3) disqualification of the lawyer would work substantial hardship on the client.

(b) A lawyer may act as advocate in a trial in which another lawyer in the lawyer's firm is likely to be called as a witness unless precluded from doing so by Rule 1.7 or Rule 1.9."

Under Minnesota Rule 3.7 if an attorney is likely to be a "necessary witness" at trial, every other attorney in the law firm of which the testifying attorney is a member is disqualified from serving as advocate at trial unless one of exceptions a-d is demonstrated. However, as pointed out below, demonstration can be a difficult burden for the law firm and more importantly, for the firm's client to meet.

In contrast, ABA Rule 3.7 disqualifies the testifying attorney from serving as advocate at trial, but not another attorney in the same firm.

This difference between the Rules is of particular importance to patent attorneys. Almost all patent, trademark and copyright matters are federal questions and, thus, are litigated in the federal courts. The Federal District Court for the District of Minnesota has tentatively concluded that in the interest of conformity the Court will adopt Minnesota Rule 3.7. Thus, Minnesota Rule 3.7 will apply to all attorneys including those in the patent bar practicing in the Federal District Court in Minnesota.

Although the committee recognizes that Minnesota Rule 3.7 affects many areas of the law, this Rule negatively impacts the practice of patent law (which is the Committee's expertise) in several ways:

1. The United States Court of Appeals for the Federal Circuit, which has exclusive jurisdiction for appeals in patent matters, has held that a potential infringer who has actual notice of another's patent rights

has an affirmative duty to exercise due care to determine whether or not the former's activities will infringe the latter's patent. Thus, patent attorneys are called upon to render opinions as to the possibility of such infringement. If this matter is subsequently involved in litigation, the attorney rendering the opinion may be a necessary witness at trial if the alleged infringer relies on such opinion to defend against a charge of willful infringement. Under Minnesota Rule 3.7, all of the attorneys in the firm of the attorney rendering the opinion would be disqualified from representing the client at trial.

2. Substantially the same situation as indicated in 1 above applies to an attorney who prepares, files and prosecutes a patent application for his/her client and the resulting patent becomes involved in litigation. In such a situation, that attorney may be a necessary witness on matters that arose during the preparation or filing of the patent application or during its prosecution in the United States Patent and Trademark Office (e.g. matters of file wrapper estoppel, charges of fraud in procurement of the patent, etc.) thereby disqualifying that attorney's entire firm from representing the client at trial.

3. In both of the above situations, the client is severely penalized in that it is denied representation at trial by the firm which the client chooses to represent it as patent counsel in its day-to-day patent activities, thereby making it necessary for the client, in many cases, to retain two patent law firms: one to handle its day-to-day patent activities and one to represent it in litigation. This presents a particularly difficult and expensive situation for a corporation whose day-to-day patent activities and litigation are both handled by in-house counsel.

4. While it may be possible, in some situations, to fall within one of the exceptions a-d of Minnesota Rule 3.7, it is believed that establishment of the exceptions will be difficult. For example, although a hardship situation (exception c) can probably be demonstrated when the fact that one of the attorneys is likely to be a necessary witness

first arises at or shortly before trial, hardship will be difficult to demonstrate if the issue is raised early in the litigation or if the likelihood of one of the attorneys being a necessary witness is foreseeable. The latter two situations will usually be the case. In any event, the establishment of facts sufficient to fit into one of the exceptions (which will most likely involve a motion to disqualify, briefing by both parties and a hearing) will be costly and likely to lead to a frequent additional level of pretrial skirmishing between counsel.

The Committee believes ABA Rule 3.7 will provide a proper standard of conduct. The Committee also believes for the reasons set forth above, and the following additional reasons, that the Minnesota Rule is not a desirable rule and should be changed because:

1. The Minnesota Rule tends to deny clients counsel of their choice.

2. The Minnesota Rule offers less flexibility to a court in deciding how to handle the issue of disqualification of counsel in a particular situation.

3. The Minnesota Rule is likely to lead to additional pretrial skirmishing resulting in increased client costs and a waste of judicial time.

4. The ABA Rule was adopted to provide uniformity and to serve as a model act for all state and federal courts. In the absence of a local situation that requires an exception, the ABA Rule should be adopted. No such exceptions have been noted here.

Accordingly, for the above reasons, the Committee urges the Minnesota State Bar Association to petition the Minnesota Supreme Court to amend Minnesota Rule 3.7 so that it complies substantially with ABA Model Rule 3.7.

Sincerely,

Robert W. Burns

Robert W. Burns
Chairman
Patent, Trademark and Copyright Law Committee

cc: Mr. Tim Groshens

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RESOLUTION OF THE COMPUTER LAW SECTION

At a duly constituted meeting of the Section Council of the Computer Law Section of the Minnesota State Bar Association held on January 27, 1987, the following resolution was adopted:

> The Computer Law Section urges the Minnesota State Bar Association to petition the Minnesota Supreme Court to revise Rule 3.7 of the Minnesota Rules of Professional Conduct to read exactly the same as the ABA Model Rule which permits a lawyer to act as an advocate in a trial in which another lawyer in the same firm is likely to be called as a witness.

I, the undersigned, hereby certify that the foregoing is a true copy of the resolution adopted by the Section Council of the Computer Law Section at a meeting of the Section Council held on the aforementioned date.

James A. Blomquist, Secretary
Computer Law Section of the
Minnesota State Bar Association

Dated: Feb 2, 1987.