



SideBAR

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OPENING STATEMENTS



Your Award-winning Fed. Lit. Section **Robert E. Kohn**

At the FBA's Annual Meeting and Convention in Providence, your Federal Litigation Section was honored with the 2014 Section and Division Recognition

Award. President Gustavo A. Gelpí and Chair Michelle Burns of the Sections and Divisions Council of the FBA presented the award.

I thank each of you, as members of our section, for the privilege of accepting this award from Judges Gelpí and

Burns on behalf of the section.

"On the Docket" by Tom McNeill brings us up-to-date on everything the section has been doing. For example, the U.S. Court of Appeals for the D.C. Circuit will be conducting a swearing-in sponsored by the Appellate Law & Practice Committee in connection with a sitting of the Court. I hope you join in. As well, please consider contributing to SideBAR. Under the leadership of Olivera Medenica—and thanks to authors like you—I'm proud to report that SideBAR has earned the FBA's Outstanding Newsletter Award for 2014. The award citation reads, *In appreciation of an outstanding leadership, innovative programming, and effective contributions to the Federal Bar Association.* **SB**

About the Chair • Robert E. Kohn litigates entertainment, business, and intellectual property disputes, including government contracts and fraud cases, in the Los Angeles area. He also argues appeals in federal and state courts at all levels. Kohn is a former clerk to Hon. Joel F. Dubina of the Eleventh Circuit, and graduated from Duke Law School. He can be reached at rkohn@kohnlawgroup.com or (310) 917-1011 and followed @RobtKohn.

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Note from the Editor

Olivera Medenica

SideBAR recently received the FBA's Outstanding Newsletter Award for 2014 at the FBA's Annual Meeting in Providence, Rhode Island. Thank you to all those who contributed to SideBAR, and made it an award winning publication. It is because of your articles, thoughts, and reflections that we are able to publish a meaningful newsletter for our members.

In this issue, we emphasize Women in the Law with an article by Traci Koster addressing worklife balance in the context of a busy practice, a report by Katherine Gonzales on the successful Women in the Law conference held earlier this year in DC, and an exclusive interview with Rita Odin, in house counsel at Estee Lauder. We will also explore additional topics such as strategies for settlement conferences, securities fraud class actions, and pleading requirements for affirmative defenses.

Thank you again for your participation and I look forward to reading your submissions for future editions of our award winning SideBAR. **SB**

About the Editor • *Olivera Medenica has a commercial and intellectual property litigation practice in New York City. She is the president-elect of the Southern District of New York Chapter. She litigates a variety of matters in state and federal court, as well as in arbitration proceedings. She can be reached at omedenica@wrlawfirm.com or (212) 785-0070.*

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FEDERAL LITIGATION SECTION NEWS

On the Docket

Thomas G. McNeill

The following is a compilation of programs, events and activities presented or sponsored by The Federal Litigation Section. Please contact Tom if you would like to attend any of the upcoming offerings, receive additional information from event planners and organizers, or inquire about possible Federal Litigation Section sponsorship funding for an FBA Chapter or Division event or program presently in planning.

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Upcoming Events

Electronic Evidence CLE, March 2015. Presented by FRE Committee of the FLS, in partnership with Northern Virginia Chapter, YLD and DC Chapters.

Conference on U.S. Border Law, El Paso, Texas, Jan. 29-31, 2015. The laws impacting the U.S. Border with Mexico are under increasing security and debate these days. Presented by the El Paso FBA Chapter and co-sponsored by the Federal Litigation Section, Criminal Law Section and International Law Section.

Second Annual Rule of Law Awards, New York, N.Y. Spring, 2015.

D.C. Circuit Swearing-in Ceremony, Welcoming members of the FBA to membership in the bar of the U.S. Court of Appeals for the District of Columbia Circuit. Spring or Fall, 2015.

Previous Successful Events

Sixth Annual FBA Hawaii Conference, Honolulu, Hawaii, Dec. 12, 2014. Presented by the Hawaii FBA Chapter and co-sponsored by the Federal Litigation Section.

Ninth Circuit Appellate Practice Workshop, Pasadena, Calif. Oct. 23, 2014. A panel of Ninth Circuit Judges and experienced appellate advocates will discuss strategies for appellate advocacy. Presented by the FBA Los Angeles Chapter and co-sponsored by the Federal Litigation Section and the FBA Orange County Chapter.

Portrait Unveiling—Hon. Joel F. Dubina, Montgomery, Ala. Oct. 10, 2014. A portrait of Judge Dubina, former Chief Judge of the U.S. Court of Appeals for the Eleventh Circuit, was unveiled at the United States Courthouse. The reception was sponsored by the Federal Litigation Section.

Maritime Punitive Damages. New Orleans, La., July 17, 2014. A CLE panel discussion, cosponsored by the Federal Litigation Section and the Admiralty Section.

Northwest Regional Working Group, Portland, Ore., June 20-21, 2014. Meeting to assemble regional FBA leaders and judges, and to support them with national Federal Litigation Section resources. Participants received tours of the Nike campus and the US Courthouse and a CLE on technology in the courtroom. Presented by the Federal Litigation Section and co-

sponsored by the FBA's Oregon Chapter and the Ninth Circuit Vice Presidents.

Speech by Civil Rights Leader Diane Nash, June 26, 2014, Minneapolis, Minn. Ms. Nash spoke about the Freedom Riders and the 50th Anniversary of the Civil Rights Act. Presented by the FBA's Minnesota Chapter and co-sponsored by the Federal Litigation Section.

250th Anniversary Programs, joint D.C. Chapters (June 12), New Orleans Chapter, Chattanooga Chapter (July 7-8), Massachusetts Chapter (April 28), Oregon Chapter, Memphis/Mid-South Chapter.

Past, Present and Future of the Right to Counsel in Federal Courts, Denver, Colo., Aug. 8, 2014. Presented by the FBA's Colorado Chapter and Wyoming Chapter, co-sponsored by the Federal Litigation Section.

Admiralty Law Seminar, Miami, Fla., Aug. 14, 2014. A CLE program on current maritime law issues was a success including a speech by FBA National Board Member Patrick O'Keefe. Presented by the Admiralty Section and Federal Litigation Section.

First Annual Alaska Federal Bar Conference, Anchorage, Alaska, Aug. 22, 2014. Programs on the Criminal Justice Act, the Civil Rights Act, Federal Sentencing and featuring "Constitutional Law Developments in the Territories – Alaska, Hawaii and Puerto Rico's Common Thread" (Speaker: FBA national President, U.S. District Judge Gustavo A. Gelpí of Puerto Rico).

Presented by the FBA's Alaska Chapter, co-sponsored by the Federal Litigation Section.

Cutting Edge Cases in Federal Employment Law Litigation: A view from the Bench and The Bar, Providence, R.I., Sept. 5, 2014. A CLE panel discussion led by U.S. District Judges and national experts, co-presented by the Federal Litigation Section and Labor & Employment Law

Section. *Obtaining and Admitting Electronic Evidence*, Providence, R.I., Sept. 5, 2014. A packed room witnessed a CLE panel presentation and discussion led by U.S. Magistrate Judge and national experts on admission of social media evidence. Co-presented by the Federal Litigation Section's Federal Rules of Evidence Committee and the FBA's Rhode Island Chapter.

Inaugural Event for Maine Chapter, Portland, Maine, Sept. 8, 2014. Many FBA leaders welcomed one of our newest Chapters to the Association. The Federal Litigation Section cosponsored the event. **SB**



Thomas G. McNeill a member of Dickinson Wright PLLC in Detroit, Michigan, where he has tried 35 cases to verdict or award (compiling a record of 34-1). He is the Vice Chair of the Federal Litigation Section and the immediate past president of the Eastern District of Michigan Chapter. McNeill graduated from the University of Notre Dame, his collegiate alma mater, and earned his J.D. at the University of Virginia School of Law.

BRIEFING THE CAUSE

Federal Civil Forfeiture Cases; You Can't Fight City Hall...And Even If You Win, You Lose!

Ira Cohen

In the 1982 film classic “The Verdict”—a ne'er do well, alcoholic attorney, brilliantly portrayed by the late Paul Newman—opines that: “[i]t’s a sham; it’s rigged; you can’t fight city hall.”¹ One has no shot at all against Washington D.C.

“Civil asset forfeiture is a relic of a medieval English practice whereby an object responsible for an accidental death was forfeited to the king, who would provide the proceeds for masses to be said for the good of the dead man’s soul. It is the inanimate object itself that is “guilty” of wrongdoing.

Thus, you never have to be convicted of a crime to lose your property. You never have to be charged with any crime. In fact, even if you are acquitted by a jury of criminal charges, your property can be seized.²

It speaks volumes that, since 2008, Congress has enacted about 450 new crimes. Under the penal laws, there are approximately 4,900 federal statutory crimes which allow federal prosecutors to pursue forfeitures. This is no mere coincidence.

Harbor no doubts that civil forfeiture is big business for the U.S.A., to the tune of billions of dollars. This surreal process is more akin to a crooked “carny” game, for, should a civil forfeiture claimant miraculously surmount all of the trials and tribulations of the justice system, the claimant wins but a Pyrrhic victory.

The claimant’s assets will be frozen; legal bills will accumulate; claimant’s reputation will be muddied, if not ruined; criminal charges will hang overhead like the sword of Damocles. If the claimant prevails at trial—admittedly the *rara avis*—the government’s attorneys will fight tooth and nail against attorneys’ fees motions, and the judges seem allergic to granting relief to any “lucky dog” claimant.

By statute, when a property owner “substantially prevails” in a civil forfeiture case, the Civil Asset Forfeiture Reform Act (“CAFRA”) provides that “the United States shall be liable for reasonable attorney fees.”³ Illusion! Fantasy! The pending case of *United States of America. v. \$28,000 in U.S. Currency*,⁴ presents us with a prime example of what Trekkies would call a “Kobiyashi Maru” test... a nowin scenario. As a postlude to winning, on Summary Judgment, the return of \$28,000 which federal agents had unlawfully seized, the claimant sought approximately \$50,000 in attorney’s fees. The same District Judge who had found that police had engaged in “serial constitutional violations...[that] were purposeful and flagrant”), cavalierly swung his judicial ax and chopped away 70 percent of the fees, down to a paltry \$14,000. An appeal followed and the case will be set for oral argument this fall. It will be interesting to follow the panel’s handling of the issue.

One need not be convicted or charged with any crime; the less rigorous civil rules apply; as does the lower burden of “preponderance of the evidence”. There is no Sixth Amendment right to counsel. A common criminal garners more rights.

Asset forfeiture is a bizarre affair that allows the government to

take property permanently, and without paying for it, if the property or its owner allegedly is involved in certain criminal offenses. The duration of a contested federal forfeiture case can range up to three years. Prior to CAFRA, 85 percent of all FBI and DEA forfeiture cases, and 99 percent of the INS cases, were uncontested. Thus, the government usually wins the lion’s share of cases (in the 95-98 percent range). Most cases are terminated long before trial, and frequently by default.

Waging legal battle against Uncle Sam is a time-consuming and expensive proposition. Many claimants cannot marshal the financial wherewithal. Seizure of assets means the claimant cannot pay counsel. In other circumstances, any remaining liquidity can quickly be dried up by the Office of Foreign Assets Control (“OFAC”) of the U.S. Treasury Department, by placing the claimant and others on the (“Special Designated Persons” or “SDN”) OFAC list.

As another special (government-oriented) rule, there is no Court-ordered mediation allowed. Notably, settlements are, however, possible. In order to better position the case for settlement, claimant’s counsel should attempt to capitalize upon the broad and liberal rules and provisions relating to civil pretrial discovery mechanisms. Make the most of the case by propounding Rule 33 Interrogatories, Rule 34 Document Requests, and Rule 36 Requests for Admissions. Have no fear of noticing the government’s witnesses (and experts), for deposition. Do hire a competent and credible expert for your defensive and rebuttal cases.

The government is powerful, yet not invincible and, certainly, not entirely immune from lawsuits. Rule 11 Motions may be entertained by the court in appropriate cases. Likewise, the government can be sued, under the Equal Access to Justice Act, if there was no “substantial justification” for the government’s position.⁵ It should also be noted that an aggrieved claimant that prevails can recover damages for an injury to the property.⁶ At the same time, it ought to be observed that if a claimant has been charged, as a fugitive, he (it) is not permitted to contest the civil forfeiture case from overseas, as he (it) would then be subject to the so-called “fugitive disentitlement” doctrine.⁷

Finally, a word about your legal fees. Make quite certain that the monies that the client uses to pay your fees is derived from squeaky clean sources. Seek, and insist upon, the client’s assurances, in writing. Demand paper trail confirmations and corroboration. Carefully conduct your due diligence. Ensure the money is not, to the best of your knowledge, tainted. Resist taking a great deal of money up-front for rendition of legal services in futuro. In short, do not provide the government with any excuse, or ammunition, to justify seizure and forfeiture of your fees.

Forfeiture is a powerful prosecutorial tool. However, unchecked, and unbridled, our government edges ever closer to a kleptocracy. Constitutional law scholars have been caustic in their criticisms of systemic exploitation; for the practitioners and their clients, these abuses are palpable. In the final analysis, it is not money alone that is being forfeited, but rather some of the formerly bedrock foundations of our justice system and long-held tenets of constitutional pedigree. As U.S. President Abraham Lincoln sagely observed:

"If you once forfeit the confidence of your fellow citizens, you can never regain their respect and esteem." **SB**



Ira Cohen is a partner of Henkel & Cohen. He is a member of the Florida and New York Bars and has been practicing law for over 30 years. He is rated AV by Martindale Hubbell. Cohen has extensive experience representing corporations, business entities, and individuals in a wide variety of complex commercial disputes (through litigation and alternative dispute resolution) and in business transactions.

Endnotes

¹The origin of the idiom appears to derive from an old English proverb. Simply stated, and this means that there is no way to win

against the government. It is generally accepted as a catch-phrase the lineage of which is traceable to the corrupt days of Boss Tweed and Tammany Hall, in old New York, during the latter portion of the 19th century.

²Civil Asset Forfeiture: Hearing on the Civil Asset Forfeiture Reform Act of 1997 before the House Comm. on the Judiciary, 105th Cong. (1997) (statement of Henry J. Hyde, Chairman, House Comm. On the Judiciary), reprinted at 1997 WL 316566 (June 11, 1997).

³28 USC Section 2465.

⁴Docketed as No. 13-55266 (9th Cir., filed Feb. 15, 2013).

⁵28 USC Section 2412(d)(1)(A).

⁶28 USC Section 2680(c).

⁷28 USC Section 2466.

FBA's Women in the Law, Power & Progress: A Snapshot of Some of the Best Advice

Katherine Gonzalez-Valentin

The days of women in the legal profession with the title "first woman" (e.g., to be admitted to practice, to argue in a courtroom, to attend law school, etc.) may seem far away as female trailblazers, since about 1869, defied what was considered the norm and expectations from the gender. From earlier days we can learn many lessons that I summarize with two examples: the perseverance of the first female lawyer in the United States, Arabella Mansfield, and the resilience of Mary Walker, first female U.S. Army surgeon and the only woman to receive the Medal of Honor. Yet, a glance at the historic evolution, a slow and challenging one, of females permitted to practice law, earning law degrees and attaining leadership role in the legal workplace, reveals the reality of how recent this story still is.

As if we were in a time capsule, a select group of speakers, "first women" of our times, shared the history, the experiences, the challenges, the progress and the guidance for the road ahead, at the Federal Bar Association's signature conference: Women in the Law, Power and Progress, held on July 11, 2014, in Washington, D.C. These are some of the best tips I gathered from the lecturers including: Hon. Patricia A. Millett, U.S. Circuit Judge, U.S. Court of Appeals for the District of Columbia Circuit; Mary Elizabeth Gately, Co-managing partner, DLA Piper, Washington, D.C.; Stacy Leeds, Dean, University of Arkansas Law School; Lt. Gen. Flora L. Darpino, Judge Advocate General's Corps., U.S. Army; Catharine A. MacKinnon, Elizabeth A. Long Professor of Law, University of Michigan Law School; Hon. Loretta A. Preska, Chief U.S. District Judge, Southern District of New York; Rt. Hon. Beverley McLachlin, P.C., Chief Justice, Supreme Court of Canada; Camille A. Nelson, Dean, Suffolk Law School; Michele Roberts, Partner, Skadden, Arps, Slate, Meagher & Flom LLP; Hon. Aida Delgado-Colón, Chief U.S. District Judge, District of Puerto Rico; and, Nancy B. Rapoport, Gordon Silver Professor of Law, University of

Nevada—Las Vegas William S. Boyd School of Law.

- **Do the absolute best you can.** This is necessary to prove our worth and establish our reputation."Competence is not based on gender," said Judge Delgado. Accordingly, we want to ensure we are doing our job right and are really good at it to make ourselves invaluable to our clients and bosses so that people will want to come back to us.
- **Apply for the job if you want it.** Compared to men, women's level of confidence appears to be lower when it comes to applying for jobs. While women tend to apply for jobs when they fulfill all job requirements, studies show that men apply even if they only fulfill 60% of them. Women are, thus, encouraged to increase the level of self-confidence and be more forthcoming in addressing employment opportunities. In so doing, considering or looking for positions that have an impact and influence on the operation, such as hiring, policy making, compensation, etc., could provide us opportunities to increase workforce diversity and modify the traditional workplace.
- **Be women.** Being comfortable in our own skin is a key to success. When we are fully aware of particular traits we bring to the table, such as multitasking, our higher level of sensitivity toward diversity and minority issues being able to perceive certain things differently than men, and see For publication: National Council of Women's Bar Association July-August 2014 newsletter them as strengths, we can be even more proud of who we are. We should not be dissuaded by stereotypes and should remain true to who we are as women and maintain our uniqueness. In believing in ourselves and portraying that confidence, we can increase our opportunities to succeed and effectuate change.
- **Choose your partner wisely.** In understanding the simple truth that both genders can help one another, choosing a partner wisely just makes sense. This recommendation becomes more important when we think

about the benefits of mutual support to achieve mutual goals, both personal and professional. We also have to be aware of the challenges imposed by dual career and/or success-oriented individuals in one relationship.

- **Life is about tradeoffs.** We have to choose what we want to do. Understanding we can't have it all and can't do it all may ease the process. That does not mean we can't do a lot and have high aspirations and many goals, but that there is going to be a give and take. There are going to be many choices and a difficult decision-making process.
- **Give back.** First, we should be supporting not criticizing other women. It is unfortunate how often it has been said women can be the toughest critics or least supportive of other women. In that sense, I had to laugh but also think hard and wondered if I should worry when I read the quote from Madeline Albright: "Remember there is a special place in hell reserved for women who refuse to help one another." Second, as Judge Millet said, "no one who is successful is an island." The way I see this is not only from a place of increased interactions and helping others move upward with us, but also as purposefully becoming agents of change in contributing to a workplace that provides more opportunities for integration, retention and advancement of female leaders. Third, being a mentor and teachers, especially to those in younger generations, is key to bring about change from

early on.

Fortunately, there are no longer many opportunities to earn the title of "first female lawyer who (fill in the blank)" as statistics show that the gender gap continues to shrink. But change has been slow and the road ahead still needs pioneering spirits to help pave the way for current and aspiring female leaders in the legal profession who continue to face the challenges of a legal workplace lacking sufficient diversity. Yes, much progress has been made but parity has yet to be achieved. Embracing the now and the great opportunity to be agents of change may not earn us today the title of "first women" but certainly much more than that, the satisfaction of being contributors to boosting the number of women at top levels in the workplace. This, in turn, results in bringing more balance or flexibility to the work and personal lives of both genders. **SB**



Katherine Gonzalez-Valentin is a Capital Member and Director of the Labor & Employment Department of Ferraiuoli LLC in Puerto Rico. She counsels and frequently lectures on employment law topics, is an active federal litigator, Director and former First Circuit Vice President for the Federal Bar Association and member of the Federal Litigation Section Governing Board.

E.D.Va Court Rules Twombly-Iqbal Standard Does Not Apply to Affirmative Defenses

Rebecca Larson

The Norfolk Division of the Eastern District of Virginia released an opinion addressing a novel issue for the Eastern District of Virginia concerning whether a defendant's affirmative defenses are subject to the heightened pleading standards established in the *Twombly-Iqbal* ("*Twombly*") cases. The Court held that *Twombly* does not apply to affirmative defenses.

In *Flame S.A., et al v. Industrial Carriers Inc, et al.*, CL 2:13-cv-658 (June 24, 2014), Plaintiffs moved pursuant to Federal Rule of Civil Procedure 78(b) and Local Rule 7(j) to strike the Defendants' eight affirmative defenses, alleging the defenses do not rise to the well-pled standard established in *Twombly*. While the court only ruled on five defenses (the other three were resolved prior to the ruling), the Court noted that the Fourth Circuit has not resolved the issue of well-pled affirmative defenses and noted the widely differing application of *Twombly* across the circuit. The court interpreted *Twombly* as applying only to Fed. Rule 8(a)(2) (claims for relief) and does not apply to Fed. Rule 8(b)(1) (defenses; admissions and denials).

Despite affirmative defenses being relieved from the heightened pleading standards of *Twombly*, affirmative defenses must be "contextually comprehensible," and the Court used this standard

to strike two of the affirmative defenses. Without contextual clues pointing to the complaint, the Defendant's somewhat generic defenses of "failure to mitigate damages" and "unclean hands" are "threadbare and provide neither 'fair notice of the nature of the defense . . . nor clarity as to which claims the defenses apply.'"

Practitioners should exercise caution in using blanket defenses like the ones struck by the Court. More robust descriptions in the defense should defeat a challenge that the defense is insufficiently pled. Perhaps the widening circuit split will encourage the Fourth Circuit to take on a case addressing the wellpled affirmative defense argument in the near future. **SB**



Rebecca Larson is of counsel at Redmon, Peyton & Braswell, LLP located in Alexandria, Virginia. Larson's law practice focuses on the areas of commercial litigation, eDiscovery, real estate and criminal defense. Larson graduated from New England School of Law in Boston where she was an Executive Technical Editor of the New England Journal on Criminal and Civil Confinement. She also clerked with the Cook County State's Attorney's Office in Markham, Ill. for three years during college and law school and with the Massachusetts Attorney General's Office in Boston. Larson is a contributing author to RP&B's blog, EDVAUpdate, chronicling the happenings of the federal courts in the Eastern District of Virginia.

Federal Circuit Holds That Magistrate Judge Violated Duty To Disclose

Mitchell L. Marinello

In *CEATS, Inc. v. Continental Airlines, et al.*, 2013-1529 (June 24, 2014), the Federal Circuit held that a magistrate judge who served as a mediator failed to meet his duty to disclose a prior relationship with defense counsel. The case provides a valuable discussion of a mediator's duty to disclose.

CEATS sued several Defendants for patent infringement in the U.S. District Court for the Eastern District of Texas. The parties participated in several mediation sessions before Magistrate Judge Robert Faulkner ("Faulkner" or the "mediator"). When no settlement was reached, they tried the case to a jury in the district court. The jury found that Defendants had violated CEATS' patents but that the patents were invalid. Afterwards, CEATS discovered that the mediator had relationships with Fish & Richardson, P.C. ("Fish"), counsel to several Defendants, which had not been disclosed.

CEATS' appealed from the finding of patent invalidity, but lost on the merits. CEATS also moved under Rule 60(b) for relief from the final judgment based on the lack of disclosure of the mediator's relationship with defense counsel. The district court denied that motion and held that neither Faulkner nor defense counsel had a duty to disclose the matters in question. As part of its analysis, the district court reasoned that mediators, unlike judges, did not sit in judgment of a case and therefore had less of a disclosure obligation than judges. CEATS appealed that 60(b) ruling.

The Undisclosed Relationship

The potential conflict of interest became evident due to an unrelated state court case that preceded CEATS' patent lawsuit by about three years and that partly overlapped it. In that unrelated case, the Fish firm represented a party in a partnership dispute in Texas state court. The parties agreed to arbitrate their dispute, and the state court appointed Faulkner, who at that time was with JAMS, to act as the arbitrator. Faulkner disclosed that he had participated in arbitrations and mediations with the named Fish attorneys on prior occasions but made no other disclosures. He did not amend his disclosures when Johnson, another Fish attorney, entered his appearance in the case and, in fact, acted as if he did not know Johnson. Ultimately, Faulkner entered an award in favor of Fish's client for \$22 million, including \$6 million in attorneys' fees. After learning that Faulkner and Johnson were previously acquainted, opposing counsel asked for permission to take discovery on the extent of their relationship. The state court denied that request and confirmed the \$22 million arbitration award that Faulkner had issued.

On appeal, the Texas appellate court ruled that the lower court should have permitted discovery of the relationship between Faulkner and Johnson, and it vacated the order confirming the arbitration award. After discovery, the trial court confirmed the arbitration award again, but the Texas appellate court reversed again. This time it vacated the arbitration award altogether, holding that it was tainted by an

enduring social relationship between Faulkner and Johnson that included expensive outings and gifts and an active business relationship between Faulkner and the Fish law firm. Subsequently, Faulkner was added as a co-defendant with Fish, Johnson, and others in a new state court lawsuit that sought damages for breach of the arbitration agreement and fraud in concealing the Faulkner-Johnson-Fish relationship.

The Federal Circuit's Analysis

The question for the Federal Court was whether the Faulkner-Johnson-Fish relationship—as revealed by the state court action—should have been disclosed by Faulkner before or during the time that he mediated CEATS' patent infringement case.

The Federal Circuit discussed at length the vital role that mediators play in the federal court system and rejected the district court's conclusion that a mediator's duty to disclose is any less exacting than the duty that federal judges have to recuse themselves under 28 U.S.C. § 455(a). It held that mediators are required to disclose, "as soon as practicable, all actual and potential conflicts of interest that are reasonably known to the mediator and could reasonably be seen as raising a question about the mediator's impartiality."

Applying this standard, the court had no difficulty in finding that Faulkner had failed to meet his disclosure obligations:

At the same time Faulkner served as the court-appointed mediator [here], the Faulkner-Johnson-Fish relationship was directly at issue in a state appellate court. Importantly, this meant that Fish, as a firm, was actively defending Faulkner's personal disclosure decisions while he was mediating this case. . . . [The] fact that Faulkner testified in support of the arbitration award and was asked, not just about his relationship with Johnson, but with the Fish firm and its clients as well, further emphasizes the need for disclosure on these facts.

Furthermore, the Texas appeals court's decision holding that Faulkner breached his disclosure obligations in the [Texas state court action] was released . . . between the first two mediation sessions in this [federal] case and well before the third. . . [T]he state court found that the Faulkner-Johnson-Fish relationship was a disqualifying, social and business relationship . . . [That relationship] could reasonably be seen as raising a question about the mediator's impartiality [in this case as well].

What Consequence for Non-Disclosure?

Despite its holding that Faulkner had breached his duty of disclosure with respect to the mediation, the court did not reverse the judgment denying CEATS's patent claims.

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“Professional” Moms—Can We Really Have It All?

Traci L. Koster

As Millennials, particularly as females, we were taught from a young age, with hard work and determination, we could do anything. Lawyer, doctor, astronaut—nothing was off the table. And, somewhere in the background (or forefront) we dreamed of raising a family.

Should we be forced to choose between our careers or our families? Of course not. But, can you really have it all?

Recently, the Journal of Science and Medicine released a study where researchers carefully examined the levels of cortisol, a stress hormone, in a variety of workers—men and women—throughout the day. Significantly, the study showed that women are *considerably* less stressed out at work than they are at home while men shoulder *slightly* more stress in the workforce. These findings contrast traditional notions that work is the main source of stress in people’s lives. However, the study also revealed both men and women carried much less stress on the weekend—when they were home—than during the weekdays. It’s not that women prefer work versus being home with their families. It’s doing both in the same day that elicits the most stress. It’s being lawyer, mom, wife, and woman all within twenty-four short hours.

While gender roles have shifted enough for women to participate in the workforce, they have not shifted as much for men’s roles at home. As career women, we shoulder not only a majority of the housework and childrearing, but the added stress of a long day at work. As moms, we shoulder not only the pressures we put on ourselves to succeed (at everything) and advance our careers, but the pressures we feel to be perfect at home. The unrealistic expectations we place on ourselves and experience from outside influences play a role in our stress levels.

This “professional” mom dichotomy can likely be credited, at least in part, for the retention and promotion barriers women in private practice continue to face. Earlier this year, the National Association of Women Lawyers (NAWL) issued a *Report of the Eighth Annual NAWL National Survey on Retention and Promotion of Women in Law Firms*.¹ While women encompass the large majority of associates or staff attorneys – those lawyers in the lowest echelon of law firms – they continue to make up a static minority of equity partners in large law firms.²

Since the mid-1980’s, over forty percent of law school graduates have been women.³ Why, then, are law firms currently reporting less than twenty percent women equity partners?

Despite their ambition and determination to not only complete, but excel in law school, women struggle to be “successful” in large, private law firms. Perhaps it is simply a change in priorities. More likely than not it is the way “BigLaw” defines success. Success—or a lack thereof—is defined most often by business development.⁴ According to NAWL’s most recent national survey, the greatest obstacle

for women to achieve equity partnership is the lack of business development.⁵ As women—particularly as women determined enough to “have it all”—having our success measured almost entirely by our business development ignores, in large part, our unique qualities that can and will support the long-term health of law firms as well as the quality of their client services.

There is a clear business case for increasing gender diversity in leadership and equity positions in law firms.⁶ The continued attrition of women lawyers not only causes law firms to lose substantial resources, but adversely impacts the clients those law firms represent. It goes without saying: current and potential clients (and people in general) feel connected, well represented and better able to communicate with an attorney with whom they can identify. It makes sense, then, women clients (or businesses with women decision-makers) retain law firms with women positioned in equity ranks.

We really can have it all—but not at any one given moment.

In spite of wanting to raise a family, I chose to go to law school. Shortly after starting law school, I became engaged to my husband. I was already committed to a life as a career woman. At the same time, I was committing to raising a family. I decided, I really could have it all.

As a “professional” mom, I recognize there will be days or weeks when my career demands more of my attention. Likewise, there will be days or weeks when my family needs more of me. It’s during these times when my success will require the hard work and determination I embodied to start my career and my family in the first place. As a “professional” mom, I made the conscience decision to “have it all,” because I want it all. I WANT to work hard, and I WILL work hard.

We really can have it all—but not without the support of our firms and colleagues.

The impediments women face to attaining equity partnership are—to some extent—within the control of the law firms in which we work. Measuring the “success” of lawyers strictly by demands for billable hours and business development; failing to provide equal access to business opportunities; and failing to promote women into leadership roles hinder the success of women in large law firms. Of course women—like men—should be expected to contribute to the overall financial success of the firm. However, recognizing and placing value on womenspecific qualities will not only create well-balanced law firms, but will encourage women’s continued success within those firms, which can only increase the firms’ bottom lines.

We live in an electronic age. I am available even when I’m not physically present—even if this means sending emails at four o’clock in the morning while rocking a toddler back to sleep. It’s during these times when my success will depend not only on my hard work and perseverance, but on the flexibility, support and understanding of my firm and my colleagues.

Let’s be clear—there is no such thing as a perfect mom

or a perfect lawyer. But, with hard work, perseverance, and a little flexibility, you can surely be a “professional” mom. **SB**



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Endnotes

¹Report of the Eighth Annual NAWL National Survey on Retention and Promotion of Women in Law Firms, February 2014, by Stephanie A. Scharf, Roberta Liebenberg and Christine Amalfe.

²*Id.* at p. 7.

³*Id.* at p. 4.

⁴*See id.* at p. 14.

⁵*Id.*

⁶*Id.* at p. 2.

Coquina Investments v. TD Bank, N.A.: Examining A Non-Party's Invocation of The Fifth Amendment

**Thomas K. Potter, III and Mignon A. Lunsford,
Burr & Forman LLP**

When a witness invokes the Constitution's Fifth Amendment privilege against self incrimination in civil litigation, the court may allow an “adverse inference” that the witness did so because he is guilty. Furthermore, most federal courts to address the issue have held that, where the witness is not a party to the litigation, but his former employer is, the adverse inference can extend to the former employer for its ex-employee's election to remain silent. Recently, in *Coquina Investments v. TD Bank, N.A.*,¹ a case of first impression in the Eleventh Circuit, the Court validated this approach.

A. Invocation of the Fifth Amendment by a Non-Party Witness

Courts have broad discretion to permit a jury to draw an adverse inference against a party in a civil trial based on a non-party witness's invocation of the Fifth Amendment if there is a sufficiently close relationship between the party and the non-party witness.²

Because a non-party could choose to remain silent for a variety of reasons, a non-party's invocation of the privilege against self-incrimination in a civil proceeding raises concerns regarding “the reliability of the adverse inference drawn from his silence.”³ Due to the adverse inference's potential for inaccuracy, courts have determined that the admissibility of a non-party's invocation of the Fifth Amendment should be made on a “case-by-case basis.”⁴ In *Coquina Investments*, the Eleventh Circuit agreed and adopted the four-prong test first established by the Second Circuit in *LiButti v. U.S.*⁵ The factors considered under the test include:

1. What is the (silent) witness's relationship to the corpo-

rate party? The closer it is, the less likely the non-party witness will testify in a way that damages the relationship.

2. How much control does the corporate party have over the non-party witness? The more control there is, the more likely the testimony (or silence) can be viewed as a vicarious admission binding the company.
3. How compatible or aligned are the interests of the company and the non-party witness? The more aligned, the more likely the silence may be used against the company.
4. What was the witness's role in the events? The more important it was, the more likely an adverse inference.

B. The Eleventh Circuit's Treatment of Former Employee, Frank Spinosa's Invocation of the Fifth Amendment in Coquina Investments v. TD Bank, N.A.

Coquina Investments v. TD Bank, N.A. involved a billion-dollar Ponzi scheme executed by South Florida plaintiffs' attorney Scott Rothstein. The scheme's structure was simple: The defendants in Rothstein's cases would settle, the defendants would deposit the settlement amount in trust account, and the plaintiffs would be paid over time. However, where the plaintiff wanted immediate payment, Rothstein asked wealthy investors, including Coquina, to finance the payments, and ensured the potential investors that there was very little risk involved with the investment since the defendants had already deposited the entire settlement amount with TD Bank. To further convince investors of the investment's low risk exposure, Rothstein enlisted the help of TD Bank and its then-regional vice president Frank Spinosa to send “lock letters” to potential investors explaining that defendants' settlement payments were deposited into accounts subject to heightened transfer restrictions that prohibited disbursement to anyone but the investor. In reality, everything (the clients, defendants, settlements, and bank accounts) was fictitious.⁶

The district court allowed Coquina to call Mr. Spinosa as a witness even though Mr. Spinosa had made clear that he would invoke his Fifth Amendment privilege on the stand.

Applying the *Libutti* test to Mr. Spinosa's invocation of the Fifth Amendment at trial, the Eleventh Circuit determined that the district court did not err in allowing Coquina to call Mr. Spinosa as a witness and that an adverse inference could be drawn against TD Bank based on his invocation of the privilege.⁷

First, although no longer employed by TD Bank at the time of the trial, the Eleventh Circuit determined that Mr. Spinosa retained some loyalty to TD Bank. Specifically, TD Bank paid Mr. Spinosa's legal fees, and his attorney had previously offered to cooperate in the Bank's internal investigation of Rothstein's Ponzi scheme.

Second, because it was unlikely that Mr. Spinosa would have invoked the privilege if he had not participated and/or had knowledge of the Ponzi scheme, the Court found that Mr. Spinosa and TD Bank's interests were aligned and both advanced by invocation of the privilege.

Finally, the Court noted that Mr. Spinosa was a "key figure" in the case because of the integral role he played in recruiting Coquina's (and others') investments with Rothstein's Ponzi scheme.

The Court did not address the second factor of the *LiButti* test, the level of control TD Bank has over Mr. Spinosa, finding a sufficient relationship and enough support for allowing an adverse inference without its consideration.

Thus, the Eleventh Circuit confirmed the conclusion adopted by other circuits that, "where [a] witness invoking the privilege is a former employee of the civil defendant, and where the questions that the witness refuses to answer concern the witness's activities undertaken on behalf of the employer and during the period of employment, [then] it is proper to allow the jury to impute the witness's guilt to the defendant."⁸ However, where there does not exist a relationship sufficient to render the inference trustworthy, the court may decline to impose an inference against the defendant based on a non-party witness's invocation of the Fifth

Amendment. The inquiry is fact-intensive and will depend upon the circumstances surrounding the parties' relationship and interests at the time the right is asserted.⁹ **SB**



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Endnotes

¹*Coquina Investments v. TD Bank, N.A.*, 12-11161, 2014 WL 3720301 (11th Cir. July 29, 2014).

²See *LiButti v. U.S.*, 107 F.3d 110, 123-24 (2d Cir. 1997).

³*Coquina Investments*, 2014 WL 3720301, at *6.

⁴*Cerro Gordo Charity v. Fireman's Fund Am. Life Ins. Co.*, 819 F.2d 1471, 1481 (8th Cir.1987).

⁵*LiButti*, 107 F.3d at 123.

⁶*Coquina Investments*, 2014 WL 3720301, at *1.

⁷*Id.*, at *6.

⁸*Davis v. Mutual Life Ins. Co. of New York*, 6 F.3d 367, 385 (6th Cir. 1993).

⁹The issue is arising with increased frequency in *qui tam* litigation. For discussion of the impact the Fifth Amendment's adverse inference has in *qui tam* litigation, see Thomas K. Potter, III and Mignon A. Lunsford, *What You Don't Say Can Be Used Against You: Assessing The Fifth Amendment's Role In Qui Tam Litigation*, ABA's Health & Disability & Life Ins. Law Comms. Newsletter (Winter 2014).

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Instead, it analyzed the factors for relief from a judgment under Rule 60 (b) that are discussed in *Liljeberg v. Health Servs. Acquisition Corp.*, 486 U.S. 847, 863-64 (1988) and found that reversal was not warranted.

The Court expressed concern that it was failing to provide a remedy for the mediator's non-compliance with his disclosure obligations and conceded that to some extent its failure to do so would undermine the public's confidence in the mediation process. Nonetheless, because CEATS had had a full opportunity to present its case before a neutral judge and jury, the court did not believe that refusing to grant CEATS a new trial would undermine public confidence in the judi-

cial system as a whole. Accordingly, despite the mediator's failure to meet his disclosure obligations, the final judgment was allowed to stand. **SB**



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Rebutting the Presumption that Misrepresentations had “price impact” in Securities Fraud Class Actions

Grace M. Doberdruk

It is no secret that some of the biggest banks in the country made material misrepresentations, misstatements, and omissions in their filings with the United States Securities and Exchange Commission regarding mortgage-backed securities.

An investor who relied on a misrepresentation when deciding to buy or sell a company’s stock can recover damages in a securities fraud action. For class actions, investors can satisfy the reliance requirement with the presumption that the price of a stock reflects all public information, including material misstatements, and “anyone who buys or sells the stock at the market price may be considered to have relied on those misstatements.”¹

On June 23, 2014 the United States Supreme Court in *Halliburton v. Erica P. John Fund*, 573 U.S. _____ (2014) held that a defendant may “rebut the presumption of reliance before class certification with evidence of a lack of price impact.”²

The case originated when Erica P. John Fund, Inc. filed a putative class action against Halliburton and one of its executives for violations of section 10(b) of the Securities Exchange Act of 1934, 48 Stat. 891, 15 U. S. C. §78j(b), and Securities and Exchange Commission Rule 10b-5, 17 CFR §240.10b-5 (2013) on the basis that the defendants, for the purpose of inflating stock prices, made misrepresentations about potential liability related to asbestos litigation, expected revenue for construction contracts, and the anticipated benefits of a merger with another company. Halliburton subsequently made corrective disclosures, the stock price dropped, and the investors lost money.

Section 10(b) of the Securities Exchange Act of 1934 and the Securities and Exchange Commission’s Rule 10b-5 prohibit making any material misstatement or omission in connection with the purchase or sale of any security. Courts recognize an implied private cause of action to enforce Section 10(b).³ A plaintiff must prove “(1) a material misrepresentation or omission by the defendant; (2) scienter; (3) a connection between the misrepresentation or omission and the purchase or sale of a security; (4) reliance upon the misrepresentation or omission; (5) economic loss; and (6) loss causation.”⁴

If the Court required individual proof of reliance it would create an unrealistic evidentiary burden on a 10(B) (5) plaintiff who traded in an impersonal market. Since proof of individual reliance would prevent any case from proceeding as a securities fraud class action, the United State Supreme Court held in *Basic Inc. v. Levinson*, 485 U. S. 224, 108 S. Ct. 978, 99 L. Ed. 2d 194 (1988) that there was a rebuttable presumption of reliance based on the “fraud-on-the-market” theory, the concept that the market price reflects material public misrepresentations.

The *Basic* presumption applies if a plaintiff can show

that: (1) the alleged misrepresentations were publicly known, (2) they were material, (3) the stock traded in an efficient market, and (4) the plaintiff traded the stock between when the misrepresentations were made and when the truth was revealed.⁵

In *Halliburton v. Erica P. John Fund*, 573 U.S. _____ (2014) the U.S. Supreme Court did not overrule *Basic* but merely held that defendants could introduce evidence at the class certification stage to try to rebut the presumption that the misrepresentations affected the stock price.⁶ The Court reasoned that direct evidence of another cause of the price drop should not be precluded when it is available because it could sever the link between the alleged misrepresentation and reliance.

“The choice, rather, is between limiting the price impact inquiry before class certification to indirect evidence, or allowing consideration of direct evidence as well.”⁷

The judgment was vacated since the courts below did not permit Halliburton the opportunity to present direct evidence related to whether the alleged misrepresentations affected the stock price.⁸

The decision in *Halliburton v. Erica P. John Fund*, 573 U.S. _____ (2014) is a victory for both plaintiff and defense lawyers involved in securities fraud class action litigation. Plaintiff’s lawyers and their clients benefit because the U.S. Supreme Court did not overrule *Basic* and the presumption of reliance can still be used for class certification. However, defense lawyers and their clients benefit because now in cases where they have direct evidence concerning price impact that evidence can be considered at the class certification stage.

Since price impact is an essential precondition for any Rule 10b-5 class action it would not make sense for a court to refuse to consider at the class certification stage a defendant’s direct evidence that the alleged misrepresentation did not actually affect a stock’s market price.

Consideration of direct evidence of another cause of a drop in a stock’s price will save both sides the time and expense of unnecessary litigation if the claims are meritless. While a defendant may present evidence related to price impact, if the court determines that a defendant’s misrepresentation were the cause for a stock’s drop in price then the plaintiffs will satisfy the reliance requirement for class certification based on the presumption that the misrepresentations were a fraud on the market.

With regards to mortgage-backed securities, it was a fraud on the market when mortgage loans were bundled into a pool with other mortgage loans and sold to investors despite the fact that the terms of the Pooling and Servicing Agreements for the trusts were not complied with. A Pooling and Servicing Agreement is the governing document for the trust. Where it is evident that the terms in the Pooling and Servicing Agreement were violated, investors may have recourse in a securities fraud class action due to material misrepresentations in filings with the United States Securities and Exchange Commission, which constituted a fraud on the market, and satisfy the reliance requirement for a class action.

There has been national attention given to false documents used by banks in foreclosure cases and some of those same false documents can be used as evidence by investors in class actions against the banks. **SB**



Grace M. Doberdruk is a Partner at The Dann Law Firm and has litigated with co-counsel class actions involving deceptive foreclosure documents, violations of the Fair Debt Collection Practices Act, and violations of the Ohio Consumer Sales Practices Act. Doberdruk has had over 100 foreclosure cases dismissed and has negotiated loan modifications with principal reductions in excess of \$100,000. In 2013, Doberdruk received the award Pinnacle Professional of the Year from Continental Who's Who. Grace can be reached at grace@dannlaw.com

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¹*Basic Inc. v. Levinson*, 485 U. S. 224, 108 S. Ct. 978, 99 L. Ed. 2d 194 (1988).

²*Halliburton Co. v. Erica P. John Fund, Inc.*, 134 S. Ct. 2398 (U.S. 2014)

³*Blue Chip Stamps v. Manor Drug Stores*, 421 U. S. 723, 730, 95 S. Ct. 1917, 44 L. Ed. 2d 539 (1975).

⁴*Amgen Inc. v. Connecticut Retirement Plans and Trust Funds*, 568 U. S. ___, ___,

133 S. Ct. 1184, 185 L. Ed. 2d 308, 316 (2013) (quoting *Matrixx Initiatives, Inc. v. Siracusano*, 563 U. S. ___, ___, 131 S. Ct. 1309, 179 L. Ed. 2d 398, 409 (2011)).

⁵*Id.*, 485 U. S., at 248, n. 27, 108 S. Ct. 978, 99 L. Ed. 2d 194; *Amgen*, at ___, 133 S. Ct. 1184, 185 L. Ed. 2d 308, 314.

⁶*Halliburton*, 134 S. Ct. 2398, 2414 (U.S. 2014).

⁷*Id.* at 2417.

⁸*Id.*

Your First Settlement Conference

George E. Lieberman, VETTER & WHITE

I. Importance Of Settlement Conference

If someone told you that something was almost certain to happen in a civil action about 97 percent or even more of the time, you would assuredly carefully prepare for that almost eventuality. And that is exactly what happens in litigation—cases settle at least 97percent or so of the time.

Therefore, it behooves you, as a trial attorney to prepare thoroughly for the almost certain settlement conference that will be conducted in your case.

II. Settlement Conferences - Mandatory/Voluntary

A. Mandatory

In most state courts, settlement conferences are routinely conducted when a case is assigned to a judge for a trial. Federal courts across the country have alternative dispute resolution (“ADR”) programs.

Another layer of settlement conferences/mediation of more recent origin is that at the appellate level of both the federal and state courts.

B. Voluntary

Many State courts have voluntary procedures to have cases submitted for mediation. In the federal court, in addition to compulsory settlement proceedings, the parties may voluntarily opt for one of the available ADR options.

III. Relationship With Court, Your Client, Other Attorneys And Other Parties At Settlement Conferences/Mediations

In addition to achieving your client’s goals at the settlement proceeding, as a “new” attorney, you should also be keenly sensitive to the impression you are making on others at the proceeding. Your initial and most direct contracts with court personnel may well be at such proceedings.

Moreover, Judges will be evaluating your conduct and mak-

ing judgments about you. Accordingly, just as you want to make a good “first impression” in most any setting, you most definitely want to make a good first impression on others participating in the settlement proceeding, including your client.

Further, it is critical that what you state at such a conference/proceeding is 100 percent accurate. Judges (and attorneys) have long memories and do not take lightly and do not appreciate inaccurate statements of counsel.

IV. Settlement Process And Procedures

Typically, the mediator requests confidential statements to be submitted to her/him. In the federal court, the judge or magistrate judge will have procedures she wishes to be followed, such as the parties exchanging settlement statements and confidential statements being submitted directly to her Honor, but which statements are not filed of record. As to private entities, you need consult its rules.

In the confidential statement, not typically provided to the opposing party, you will probably be asked to address unique or very important issues for your client, weaknesses of your and/or your opponent’s case you do not want to share with your opponent, creative settlement possibilities, and your client’s “bottom line” as to settlement.

At the settlement conference the mediator will usually ask the attorney for each side to make a short statement and then meet with each side (client and attorney) separately, perhaps first meeting with the attorneys without clients, and then meet again with all present.

V. Evaluating The Case

A. Client’s Goal

An important factor in evaluating your case is determining your client’s goals. E.g., your client may believe it needs to take a strong stance because of the inclination of competitors to engage in litigation as a business tactics; your client is in a very competitive market and can not, from a business standpoint, settle a defective design claim; and your client’s business plans,

e.g., planning to close/sell a division or sell the entire company, compel it to end the litigation even if the settlement amount is not consistent with the objective monetary value of the case.

B. Determining The Value of The Case

In order to advise your client as to a settlement position, you need determine the monetary value of your case. As to the issue of liability, you must know all of the relevant facts and have a comprehensive and thorough understanding of the controlling legal principles. Such an evaluation necessarily assumes appropriate discovery and investigation (of both plaintiff's claims and your client's defenses) have been conducted/undertaken. You should have met the important witness (yours and theirs) either by way of depositions or interviews and evaluated each such witness.

What about the Judge? A pro-plaintiff/pro-defendant/pro-business/anti-business?

Experienced/knowledgeable in the subject matter of the litigation?

Jurors from a big city? Rural area? From a high/low economic background?

Modest/multi years of education?

Your client a "home town person?" Good/bad reputation? Same questions for opposing party.

Do you have a good (in the best sense of the word) relationship with your Judge/mediator? Is your opposing counsel competent? How strong are your/the other party's experts?

VI. Negotiations

A. Effective Negotiations

1. Presentation

You should be in a position to cite to important admissions of your opponent and share with the judge/mediator a few, carefully selected court filings, documents and/or portions of depositions which strongly support your client's position.

2. Attitude/Tone

A settlement conference/mediation is much less formal than a trial. The approach should be "we are all here together to try to get a reasonable and fair result." Being flexible and open to recommendations from the judge/mediator as to settlement terms is very important.

3. Difficult Client

If you have a difficult client, the issue(s) must be fully vented, reviewed, discussed and, hopefully, resolved well before the settlement conference/mediation session.

If the client is insistent on taking a very hard line, then you need understand why

your client is insistent on that position. You must then be prepared to explain to the judge/mediator why your client's settlement position may be seemingly rigid, but is fully supported by the circumstances.

4. Disclose or Not Disclose

Before addressing what you should disclose as to the merits of your case and/or "bottom line" settlement position, recall that you are an officer of and have a duty of candor to the Court. There is arguably no such duty owed to a mediator, i.e., a nonjudicial officer, but it behooves you to be truthful with the mediator.

As to statements to a Judge/mediator, it probably will not work to your advantage by telling her that your client will not settle for a "penny more than x" and 15 minutes later agree to pay 2x, and 15 minutes thereafter 3x. Being candid will help the Judge/mediator achieve a result more favorable to your client since she will be in a better to understand your client's real position and, armed with that knowledge, work more effectively to reach that goal.

VII. Conclusion

Settlements of cases are an important, indeed, critical part of the process of litigation. Just as a trial attorney prepares thoroughly and carefully for trial, she should do likewise for mediation/settlement conferences. **SB**



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PROFILES

Insight Into In-House: An Interview with Rita M. Odin, Esq., Vice President and Trademark Counsel, The Estee Lauder Companies, Inc.

SideBAR editor Olivera Medenica was fortunate to interview Rita M. Odin, Vice President and Trademark Counsel to The Estee Lauder Companies, Inc. (Estee Lauder). The role of in-house is a complex one, combining advocacy, business acumen and effective manager into a single position. In-house counsel serves as the eyes and ears of the client, through the discerning lens of legal advisor. In-house counsel also manages the litigation process, playing a critical role in the selection of outside counsel. Ms. Odin shares with Federal Litigation Section members her background, role at Estee Lauder, and her views on what constitutes effective outside counsel.

OM: *Please share with us your career path and how it evolved into your current role.*

I started my career at a small insurance firm specializing in Directors & Officers (D&O) insurance coverage issues. In 1998, I started working as a trademark examiner at the United States Patent and Trademark Office (USPTO), and that is when I first got my feet wet in intellectual property (IP). I worked as a trademark examining attorney for a little over a year and took on my colleagues' appeals as a way to further diversify my experience.

After the USPTO, I joined the trademark practice of ArentFox LLP in Washington, DC, where I gained substantial IP litigation experience and continued developing my trademark clearance and prosecution skills. I split my time between clearance, prosecution, transaction and litigation work. On the litigation side, the bulk of my work centered on drafting briefs for pending IP litigations, or assisting on other litigations with an IP component to them.

After that I went on to Fried, Frank, Harris, Shriver & Jacobson LLP, and stayed there just over three years. I worked in their IP department, which was housed within their litigation group. We handled all kinds of IP matters, from mergers and acquisition support, to IP litigation, and various transactional matters. The matters that I handled while at Fried Frank encompassed a vast array of IP work, including a patent litigation. I had the opportunity to work on a variety of litigation matters, including a case that went up to the Second Circuit, as well as a matter before the Federal Circuit. I also had the opportunity to work on two petitions for writ of certiorari before the Supreme Court dealing with pro bono death penalty cases arising out of Virginia.

After Fried Frank, I went in-house to Estee Lauder and have been here for the past eleven years.

OM: *What do you think in your background helped you get a position with Estee Lauder?*

I think what was appealing to Estee Lauder was my broad-based background. In my eight years of experience prior to going in-house, I was able to cover all aspects of practicing IP—from clearance and prosecution to litigation and transactional mat-

ters. I think it was also an advantage that I had worked at the USPTO as an examining attorney. Now that I am in the position to manage outside counsel and pending litigations, I am in a position to understand, from personal experience, what is going on and what needs to happen. The only experience that I lacked prior to going in-house was another in-house position; however, I made up for it with an otherwise well-rounded background.

OM: *What positions have you held at Estee Lauder?*

I was associate counsel for three years and then moved into my current position as Vice President and Trademark Counsel.

OM: *How do you think your work as in house counsel is different from an outside counsel's work?*

Working in-house is quite different from working as outside counsel. You need an intimate knowledge of the business and you must be a partner to the business so that your decisions are driven by practicality as opposed to legal theory. As outside counsel, you look at things from a legal and theoretical perspective. From the inside, your focus is narrower and you look at everything from a business angle. You ask yourself, what does this mean to the business? What are the specific interests of the business that will be served by pursuing this position?

As in house counsel, I want to know what is the risk of a particular decision and how will it have a real impact on the business. I want the bottom line; I do not want a huge legal memo from outside counsel that will explain every possible contingency that could happen. I do not have the time to condense a long memo that was written by outside counsel just to get to the bottom line. I want an honest assessment of our chances of success so that I advise my clients as to the risks presented from a practical standpoint. Our job as in house counsel is to help the client find a way to achieve their business goals while mitigating the identified risks. I believe it is truly an art to be able to give in house an opinion. It requires concise, writing that goes to the heart of the issue.

OM: *What is Estee Lauder's in house team like?*

At Estee Lauder, most global trademark clearance and prosecution is managed internally. We have amazing paralegals who can handle a large volume of work. Our trademark group is comprised of six attorneys, including myself, who handle the bulk of the trademark, copyright, and right of publicity matters. We have a fairly large legal department of approximately thirty to forty attorneys, most of whom are here in New York City and Long Island (where our patent group is based). A few, perhaps five to six attorneys, are outside of the United States. We are structured like a mini boutique law firm and tend to have quite low turnover.

OM: *What do you enjoy the most about your job?*

I really enjoy advising the business the most. I am an attorney but am also a business partner to my clients. Each attorney here is responsible for learning more about various aspects of

the business. We negotiate contracts in a way that makes sense and works for the business in a pragmatic and real world sense. We examine the business risk and then structure the deal so as to minimize the risk involved. The more closely we are aligned with the business, the better and more impactful we can be as legal advisors.

We have a dedicated lawyer program, whereby each brand, function and region has a relationship partner, or “dedicated attorney.” For each such brand assignment, the dedicated attorney learns as much as possible about the company and its business. This attorney goes to the business leadership meetings so as to better understand each particular brand’s needs and challenges. I have three dedicated lawyer assignments. This makes it easier for each brand to come to the attorney with any particular questions or problems. Even if an issue arises in another area of the law, because of this established relationship, it makes it easy for me to flag the issue and forward the question to a colleague. It creates a cohesive and constructive experience. .

OM: *What challenges does the fashion industry face today that are different from perhaps ten years ago and how has that impacted the legal practice?*

We consider ourselves to be in the fashion and luxury industry. I think technology has changed the fashion industry tremendously. The internet has profoundly impacted how our business engages with our consumers. Technology has also made trademark practice that much more complex to navigate and it is becoming increasingly harder to clear brand names. The fashion and luxury industry is also grappling with counterfeit products that are proliferating at a rapid pace, especially over the Internet.

Finally, ICANN’s decision to create unlimited new gTLDs has made it that much more difficult to police and protect brands. All of this has inflicted a much greater cost burden on businesses that wish to keep out pirates.

OM: *What advice do you have for young attorneys looking to go in house?*

The best piece of advice that I can give is to put in your time in a law firm environment. Just learn to be a good attorney. Go to a reputable law firm and learn as much as you can. You can focus on practice areas like mergers & acquisitions, corporate governance, intellectual property, or employment law, but get as much of a broad experience as you can within a particular specialty. A general litigator may have a difficult time finding an appropriate position in house, but a litigator with a specialty may find more opportunities in house. So my advice is to pick a specialty and try to get broad transactional and litigation experience within that specialty.

Another important aspect of your training is to get good writing experience. Being able to write concisely is critical. Your focus is to form effective relationships with clients, not to learn how to handle substantive legal matters. At a law firm it is difficult to get the experience interacting directly with the business folks—you usually deal with in-house counsel. Secondment is probably the best way to experience what it’s like in-house when you are working at a law firm.

OM: *When hiring outside counsel, what kind of qualities do you look for?*

We look for experts who are knowledgeable in their fields. We like a practical approach to our problems, and it is also important to be cost effective. We check whether a law firm will be able to properly staff a matter. You do not need a crowd of people to handle a matter. We need practical counsel who understand our business and our needs.

OM: *What kind of experience do you look for in outside counsel?*

We want someone who has handled similar cases in the past, who has a good track record and with whom we are comfortable. It is important that they do not have a learning curve in handling the matter. With respect to personalities, we do not want someone who is overly aggressive or accommodating, but rather someone who can strike an effective balance and advocate on our behalf. We want someone who will understand the culture of the company and communicate effectively.

OM: *What about diversity, is this something that you look for in outside counsel?*

Of course, diversity is very important to us. The legal department at Estee Lauder is a diverse environment, - more than half of the attorneys in the legal department are women, including our General Counsel. Diversity is important to our corporate culture and we strive to achieve that in our selection of outside counsel as well. **SB**



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