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01/06/2005 10:09 AM

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cc

Subject Hearing on Federal Rules changes

04-CV-07
Request To Testify
2/11 DC

Mr. McCabe,

I am a member of the Defense Research Institute's Technology Committee and a liason to its e-Discovery Task Force. In addition, I represent several Fortune 500 companies, engaged primarily in national discovery coordination. As a result, I have a strong interest in the proposed amendments to the Federal Rules dealing with electronic discovery, particularly in the costs that may be imposed on corporate defendants as a result. I would welcome the opportunity to testify at the hearing in Washington, D.C. on February 11, 2005. Please let me know if that would be possible.

Regards,

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January 24, 2005

Peter G. McCabe
Secretary
Committee on Rules of Practice and Procedure
of the Judicial Conference of the United States
Washington, D.C. 20544

Re: Proposed Amendments to the Federal Rules of Civil Procedure: Electronic Discovery

Mr. McCabe:

I am pleased to submit the following written summary of my proposed testimony for the February 11, 2005, hearing before the Civil Rules Committee in Washington, D.C.

My name is Dennis Kiker, and I am a shareholder in the firm of Moran Kiker Brown PC in Richmond, Virginia. I would like to thank the Committee for the opportunity to comment on certain provisions in the proposed amendments to the Federal Rules of Civil Procedure relating to the discovery of electronic information. I realize that the Committee has heard from a number very qualified people, representing a wide variety of viewpoints, and, although I have not read everything that has been submitted to the Committee, I am going to try avoid repeating positions already taken by others, and point out some concerns that do not appear to have been addressed previously.

First, however, allow me to provide background on myself, so you can better determine what weight, if any, to give to my comments. I graduated from the University of Michigan Law School in 1994, and am licensed to practice in Virginia and Arizona. I have been admitted to practice in the U.S. District Courts for the Eastern and Western Districts of Virginia and the District of Arizona. I have also appeared in a number of federal courts from Arizona to New York, and Georgia to Oregon, primarily dealing with issues related to discovery. In fact, the largest portion of my practice involves serving as national coordinating counsel for discovery on behalf of certain corporations.

"National coordinating counsel" is a glamorous title for an oftentimes mundane job, as I spend most of my days advising my clients on how to respond to discovery, negotiating discovery disputes, and moving for protective orders or responding to motions to compel. However, in addition to my obvious professional interest, I also have a somewhat personal interest in these particular changes due my background in technology. Prior to beginning my legal career, I spent eleven years in the computer and semiconductor industries, having worked as an electronics technician and then engineer for Digital Equipment Corporation and Intel Corporation. As a result, I find discovery of electronically stored information to be one of the more interesting aspects of my work.

Turning, then, to the proposed amendments to the Rules of Civil Procedure, I would like to comment first on the amendment to Rule 34 regarding the form of production, and then on the amendments to Rule 26 related to the waiver of privilege and the identification of information that is not reasonably accessible.

A. Rule 34(b) Should Allow for Production of Certain Electronically Stored Information in Other Than Electronically Searchable Forms.

I agree very strongly with the Committee's proposed distinction between "documents" and "electronically stored information," as I do not believe that the traditional definition of "document," or even the more expansive definition embodied in the current rules, adequately covers current and emerging forms of electronically stored information. However, I am concerned by the default forms of disclosure required under proposed Rule 34(b)(ii).

As it presently stands, if the requesting party has not specified the form of production (and absent agreement by the parties to the contrary), Rule 34(b)(ii) mandates that electronically stored information be produced either "in a form in which it is ordinarily maintained, or in an electronically searchable form." This requirement will create at least two problems and will potentially drive up the costs of production. First, neither of these forms is necessarily the best format in which to produce all electronically stored information. Second, these forms make it extremely difficult – if not impossible – for companies to protect proprietary business information.

With regard to the form of production, many corporations maintain certain electronic information in formats that do not readily lend themselves to either of the required forms of production. For example, one of my clients maintains the manufacturing specifications for tens of thousands of products in a proprietary relational database. The information about a specific product is available in the form of a report extracting from that database all the information related to that specific product. This report can be displayed using the database interface, or printed on hard-copy. As with most relational databases, the same information can be exported to a flat file for import into a spreadsheet or another database program. However, the resulting

presentation is far less useful than the report as formatted by the proprietary system. Currently, we produce specifications in hard-copy, or as a Tagged Image File Format (TIFF) or Adobe Portable Document Format (PDF) images.

Under the new Rule 34(b)(ii), my client would be forced to either produce the entire, proprietary database, together with the software interface required to extract and review the information about the specific product at issue, or produce the electronically searchable, but much less useful flat file. The hard-copy printout, which is the most useful form of production, would not be allowed – unless the parties agreed ahead of time. Although, as we all know, parties rarely fail to agree, they are not always trusting of one another. Thus, parties might be disinclined to accept the most reasonable form of production – hard-copy – without some evidence that they are, in fact, getting complete information.

The simple response might be, as the commentary suggests, producing the information in multiple formats – in my example, producing the hard-copy and the electronically searchable flat file. This might be satisfactory, except for the second problem with the required forms of production, and that is the protection of proprietary and confidential business information.

Rule 26(c), which will not be affected by the amendments, provides that "confidential research, development, or commercial information" may be protected by court order. It is well-known that corporations are often required to produce such confidential business information in the course of litigation, and the routine method for doing so is pursuant to a stipulated (or litigated) protective order limiting the dissemination of such information. The lag between the ever-increasing volume of electronically stored confidential business information and the technologies available to deal with its production in the course of litigation, however, make this very difficult.

Ordinarily, parties will agree that certain confidential business information will be identified by the producing party by affixing to the face of the document a banner or legend. This is easily accomplished with paper records, as well as with the most commonly used electronic documents by converting from the "native" format to another format, such as TIFF or PDF. The proposed Rule 34(b)(ii), however, complicates matters.

In the first place, Rule 34(b)(ii) would appear to allow for only two options: produce the electronically stored information in "native" format (i.e., in the "form in which it is ordinarily maintained"), or convert the "native" record into some other electronically searchable form. In either case, current technologies make the addition of a legend or banner identifying the information as confidential business information difficult if not impossible. I have spoken with many consultants and providers who insist that it is virtually impossible to create a legend or watermark banner on many electronic records in their "native" formats, particularly if you would like the banner or legend to appear on every page printed from the electronic record. Although

my own firm has developed techniques for adding watermarks and write protection to most routinely used formats (such as Microsoft Office products, TIFF and JPEG images, etc.), they are, by definition, removable by someone with sufficient skill.[1]

An alternative would be to convert the electronic information into some other format that would facilitate the identification of confidential business information (such as TIFF or PDF), but using optical character recognition (OCR) to ensure that it is electronically searchable. However, this forces the producing party to incur potentially significant costs for document conversion. Moreover, OCR functionality is less than perfect in any case, and, in some cases, entirely inappropriate – for example, with certain charts, images and photographs. Moreover, the resulting record is not the equivalent of the information as maintained in the ordinary course of business, as it will have been stripped of all its metadata.

As a result, producing parties are left with few choices: produce the electronically stored information without any indicia that it is confidential business information subject to protective order, incur the arguably wasteful costs of converting the information to some other electronically searchable information, or move the court for an order permitting production in an alternate form. Although I agree that it is critical to ensure that the rules are broad enough to encompass the technologies that will undoubtedly resolve these issues in the future, they must certainly be practical enough to enable production given current technologies and business realities. I would propose, therefore, that Rule 34(b)(ii) be modified as follows:

> (ii) if a request for electronically stored information does not specify the form of production, a responding party must, if practicable, produce the information in a form in which it is ordinarily maintained, or in an electronically searchable form. However, in appropriate circumstances, the information may be produced in an alternate form, including hard-copy. The party need only produce such information in one form.

I would further recommend that the Notes be revised to reflect the technological and practical difficulties with production in "native" or electronically searchable forms.

B. Proposed Rule 26(b)(2) Should Be Revised to Require, Upon Request, Affirmative Identification of Sources of Information Produced Rather than Specific Identification of Sources that Are "Not Reasonably Accessible."

There has been extensive discussion regarding the proposed amendment to Rule 26(b)(2) that states that a "party need not provide discovery of electronically stored information that the

[1] The same problems exist with respect to Bates numbering documents in "native" or electronically searchable format.

party identifies as not reasonably accessible." I concur with the comments submitted by Microsoft Corporation to the effect that the "identification" requirement may well prove to be as burdensome as actually accessing the information that is not reasonably accessible. Many commentators have objected that this will inevitably result in a form objection expansively identifying all inaccessible data. As one of the people responsible for drafting those form objections, I have to admit that they are correct. What else is the alternative? As pointed out in the comments by Microsoft, the process of specifically identifying the sources of data that have not been reviewed can be onerous in itself.

I would propose the following possible solution to this problem. Rather than requiring parties to identify the sources of information that were *not* searched, the rule should affirmatively require the parties, on request, to identify the sources of information that *were* searched. For example, the revised portion of the rule could read:

> "A party need not provide discovery of electronically stored information that is not reasonably accessible, but shall, upon the demand of the requesting party, identify the sources of the electronic information provided. Upon motion by the requesting party, the responding party must show that the sources of information not accessed are, in fact, not reasonably accessible. Even if that showing is made, the court may order discovery of information contained in those sources for good cause and may specify terms and conditions for such discovery.

By, clarifying that, with respect to electronic data, there are certain sources of information that are, by definition, not readily accessible, without requiring the responding party to specifically identify those sources of information, the Committee will greatly reduce litigation over such matters and eliminate the need for yet another form objection to routine discovery requests that are not limited in scope to reasonably accessible data.

C. <u>The Committee Should Discuss the Need for Uniform Waiver of Privilege Law in the Notes to Proposed Rule 26(b)(5)</u>.

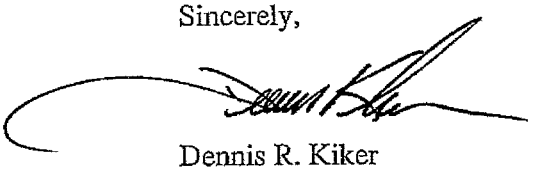
Much has been already been written on the issue of privilege waiver as a result of inadvertent disclosure in the course of discovery of electronic information, and I will not belabor the point, except to emphasize that, in my experience, inadvertent disclosure is not merely a possibility in an electronic production of any size – it is a virtual certainty. As documented in detail in the submission of Microsoft Corporation, e-mail communications are pervasive, and, even in a relatively focused production, the number of e-mail messages produced makes a timely, accurate privilege review virtually impossible. It is also well-understood that, in some jurisdictions, any disclosure of privileged information, even if inadvertent, waives the privilege.

The seeming inevitability of inadvertent disclosure should strike fear into the hearts of any practitioner – at least among those who practice in jurisdictions following a strict view of waiver as a result of inadvertent disclosure. *See, e.g., In re: Sealed Case*, 877 F.2d 976 (D.C. Cir. 1989). The problem is exacerbated given the prevalent use of "sharing" provisions in protective orders allowing parties to share documents with other parties in other jurisdictions, resulting in the anomalous situation where disclosure in a jurisdiction that protects parties from inadvertent waiver could nevertheless result in the waiver in a completely different jurisdiction.[2]

Although the Committee is unable to introduce a change to the substantive law of any jurisdiction, it would seem appropriate for the Committee to at least acknowledge this issue in the notes to the rules on electronic discovery, perhaps even suggesting the need for uniform treatment of this issue among the federal courts.

As a practitioner whose practice is almost completely dedicated to discovery issues, I applaud the thorough and thoughtful approach taken by the Committee in developing a judicial response to the problems and opportunities created by the evolution of business information systems, and I appreciate this opportunity to participate in the rule-making process.

Sincerely,



Dennis R. Kiker

[2] Protective orders that allow sharing also compound the problems discussed above regarding a producing party's ability to identify confidential business information.