Substitute Counsel's Access to Work Product of Disqualified Counsel

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COMMENTS

SUBSTITUTE COUNSEL'S ACCESS TO WORK PRODUCT OF DISQUALIFIED COUNSEL

A court will disqualify an attorney from representing a client in litigation that bears a substantial relation to the attorney’s representation of a former client, when the former client is an adverse party in the current litigation. If the party moving for disqualification establishes this substantial relation, a court will presume that the attorney could use confidential information received from the former client during the previous attorney-client relationship to the former client’s detriment in the present controversy. This presumption is irrebuttable. In enforcing the attorney’s disqualification from representation adverse to a former client, the court has the discretion to frame protective orders to ensure that no confidential information will prejudice the former client.

In a question of first impression presented in First Wisconsin Mortgage Trust v. First Wisconsin Corp., the United States Court of Appeals for the Seventh Circuit held that this irrebuttable presumption of prejudice does not apply to a situation involving access by substitute counsel to the work product of the disqualified counsel. Rather, the court determined that trial courts should adopt a

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4. IBM Corp. v. Levin, 579 F.2d 271, 279 (3d Cir. 1978).

5. 584 F.2d 201 (7th Cir. 1978).

6. Id. at 204. The court considered the irrebuttable presumption to be an "automatic exclusion" of work product. Id.
flexible approach based upon a review of all the pertinent facts of the case in determining whether the work product of a disqualified counsel carries the taint of confidential information or grants an otherwise unfair advantage.\footnote{Id. at 202, 209.}

The Seventh Circuit in \textit{First Wisconsin} ignored the fundamental purpose of disqualification. In preventing the use of confidential information imparted to an attorney during the attorney-client relationship, disqualification serves to uphold both the confidence of a client in his attorney and the confidence of the public in the integrity of the bar. The decision attempted to resolve questions of access to work product by proposing a test which involved an investigation of the potential existence of confidential information in the work product. Courts, however, uniformly have avoided such an inquiry. Instead they have applied the irrebuttable presumption of prejudicial use of confidential information, based on the rationale that the possibility of abuse of confidential information is too great to allow continued adverse representation by an attorney. This Comment will consider these issues and will propose an alternative to the problem of access by substitute counsel to work product of a disqualified attorney.

\textbf{First Wisconsin Mortgage Trust v First Wisconsin Corp}

In \textit{First Wisconsin}, the defendant banking corporation sponsored a real estate investment trust. The bank's general counsel drafted the papers creating the trust and became general counsel for the trust. In addition, the general counsel drafted agreements for the bank to advise the trust on prospective loans and participation agreements covering those loans made by the bank and the trust.

The general counsel handled negotiations between the trust and the bank when defaults occurred on some loans. The general counsel eventually recommended that the trust hire special counsel to represent the trust in these negotiations while the general counsel handled the same negotiations for the bank. The special counsel for the trust threatened to file suit against the bank for breach of fiduciary duty in advising the trust on the loans. In preparation against such a suit, the general counsel compiled, from files open to both the bank and the trust, analyses of three hundred loans made by the
trust. The general counsel spent one year producing these analyses, which constitute the work product in question. While generating this work product, the general counsel resigned as general counsel to the trust.8

When the threatened suit was filed, the general counsel for the bank sought the consent of the trust in representing the bank in the litigation. The trust denied its consent and moved instead for disqualification of the general counsel.9 Fifteen months later, the trial court in granting the motion for disqualification found a substantial relation between the general counsel's original representation of the trust and the current litigation. The current litigation centered on allegations that the bank had failed to disclose pertinent information to the trust regarding its investments, that the bank had constituted the trust improperly, and that the bank had breached its contractual duties to the trust. The court found a substantial relation between representation of the trust and the current litigation in the fact that the general counsel had drafted the agreements between the bank and the trust and had been present at meetings between the bank and the trust at which the bank advised on loans to be made by the trust.10

Substitute counsel for the bank then moved for permission to use the loan analyses prepared by the general counsel in order to defend the bank in the suit. The trial court denied the motion, reasoning that access to the loan analyses would defeat the purpose of the initial disqualification of the general counsel.11 The court determined that the irrebuttable presumption of prejudicial use of confidential information instrumental in disqualification decisions should apply with equal force to the question of access to work product.12

8. Id. at 202-03. Although in 1974 the parties nearly settled the problems over loan defaults which led to litigation, the general counsel resigned from representing the trust in September, 1974. The general counsel's attorneys compiled the work product during most of 1974 and early 1975. The trust filed suit against the bank in March, 1975. Id.


10. Id. at 496-98.

11. First Wis. Mortgage Trust v. First Wis. Corp., 74 F.R.D. 625 (E.D. Wis. 1977). The Seventh Circuit Court of Appeals affirmed in a panel decision at 571 F.2d 390 (7th Cir. 1978). After a rehearing en banc, the Seventh Circuit affirmed in part and reversed in part. 584 F.2d 201 (7th Cir. 1978).

12. 74 F.R.D. at 627. The trial court stated:

[I]t is precisely the importance of this work product to the representation of
The Seventh Circuit reversed, holding that the protection of confidential information of a former client did not mandate automatic preclusion of access to the work product of the disqualified attorney; on the contrary, trial court discretion required a thorough review of the facts to discover whether the work product contained the taint of confidential information. The court ordered the transfer of the work product of the disqualified counsel to the substitute counsel for the bank on the ground that the trust had not asserted that the work product contained confidential information, and that the work product seemed ministerial in character.

**THE SUBSTANTIAL RELATION TEST: DEVELOPMENT AND PURPOSE**

Analysis of the Seventh Circuit's decision in *First Wisconsin* must begin with a description of the role of the "substantial relation" test in resolving questions of attorney disqualification. In *T.C. Theatre Corp. v. Warner Brothers Pictures, Inc.*, the District Court for the Southern District of New York used the substantial relation test to decide motions for disqualification in which an attorney represented a client in litigation adverse to a former client. The attorney had represented a motion picture company in an action charging that motion picture manufacturers had conspired to restrain trade nationwide in the distribution of motion pictures. The plaintiff in *T.C. Theatre*, who was represented by the same attorney, alleged that the defendant motion picture company formerly represented by that attorney had conspired to restrain trade in motion pictures. The defendant moved for the disqualification of plaintiff's counsel on the ground that the claims asserted by the plaintiff were based on charges substantially identical to those asserted in the previous litigation in which plaintiff's counsel had represented the defendant. Additionally, the defendant alleged that the plaintiff's attorney had obtained confidential information during his previous rep-

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13. 584 F.2d at 209.
15. *Id.* The previous suit had involved restraint of trade. The attorney had represented one of the defendants, and had drafted proposed findings of fact and a decree. The same motion picture company was a defendant in *T.C. Theatre*. *Id.*
presentation of the defendant. Rather than requiring proof that the matters in the previous suit were substantially identical to the matters of the present suit or that the client actually disclosed confidential matters to the attorney during the previous representation, the court decided that parties moving for disqualification must show only a substantial relation between the subject matter in the two representations. Such a substantial relation existed when a court could determine that, during the prior representation, the attorney might have acquired confidential information related to the subject of the subsequent representation.\textsuperscript{16} Thus, the test depended upon the likelihood of the acquisition of relevant confidential information by an attorney during the course of the previous representation. Although the court did not characterize the degree of proof necessary to support a finding of substantial relation, it nevertheless disqualified the attorney in question even though the issues in \textit{T C. Theatre} and the previous representation were not identical.

In reaching its decision, the district court relied upon Canon 6 of the American Bar Association Canons of Professional Ethics, which concerns the obligation to represent a client with undivided loyalty and to maintain his secrets or confidences.\textsuperscript{17} The opinion expresses the fear that a contrary holding would destroy the integrity of the attorney-client relationship inasmuch as the client would eschew full disclosure to his attorney if he suspected that confidential information could be used against him in later litigation.\textsuperscript{18} The court in

\textsuperscript{16} \textit{Id.} at 269. Substantial relation is a deceptive term. The operative inquiry is not whether the issues in the two representations are substantially related, but whether the attorney might have acquired, during the former representation, information related to the subject matter of the subsequent representation. Thus, a substantial relation is proven by a showing of potential access to confidential information by an attorney. In United States v. Standard Oil Co., 136 F Supp. 345 (S.D.N.Y. 1955), a motion for disqualification failed when the movant did not show access by an attorney to documents substantially related to a subsequent representation.

\textsuperscript{17} 113 F Supp. at 268. Canon 6 states: "The obligation to represent the client with undivided fidelity and not to divulge his secrets on confidences forbids also the subsequent acceptance of retainers or employment from others in matters adversely affecting any interest of the client with respect to which confidence has been reposed." \textit{Id.} The Canons of Professional Ethics, adopted in 1908, served as the precursor of the modern Code of Professional Responsibility.

\textsuperscript{18} 113 F Supp. at 268-69. In this context, the Third Circuit has stated: [A] client should be encouraged to reveal to his attorney all possibly pertinent information. A client should not fear that confidences conveyed to his attorney in one action will return to haunt him in a later one. It is readily apparent that if an attorney is permitted to reveal confidences "the free flow of
T C. Theatre ruled that once a movant for disqualification proves a substantial relation, a court should assume confidences were disclosed and should not inquire into their nature or extent. Such an inquiry would force revelation of matters actually entrusted to the attorney and would entail a serious breach of the attorney-client relationship. The court accepted evidence of access to confidential information through prior representation to prove a substantial relation. Relying on public policy and on the client's interest in confidentiality, the district court decided that a presumption of use of confidential information was imperative after a finding of substantial relation.

In Emle Industries, Inc. v. Patentex, Inc., the Court of Appeals for the Second Circuit applied the substantial relation test within the framework of the Code of Professional Responsibility. The defendant Patentex moved for disqualification of plaintiff's counsel because the attorney had defended Patentex in an action fifteen years earlier. One issue in the prior suit, the ownership of Patentex, had become an issue in Emle. Patentex contended that the attorney could use confidential information derived from this prior representation to the detriment of Patentex. The court discussed the need to balance a client's right to counsel of his choice with the need to maintain the highest standards of professional responsibility. In this context, both Canon 4 and Canon 9 of the Code of Professional Responsibility state that information from client to attorney, so vital to our system of justice, will be irreparably damaged.


19. 113 F Supp. at 269.

20. Id. The court cited In re Boone, 83 F. 944 (N.D. Cal. 1897), as support for the proposition that the public interest in preserving attorney-client confidences and secrets in certain circumstances may be too great to allow waiver by the client.

21. 478 F.2d 562 (2d Cir. 1973).

22. The Code of Professional Responsibility, adopted in 1969, consists of Canons, Ethical Considerations, and Disciplinary Rules. The Canons are general statements from which the Ethical Considerations and the Disciplinary Rules derive. The Ethical Considerations suggest the ideal for a lawyer, whereas the Disciplinary Rules constitute the mandatory minimum required of lawyers.

23. The attorney actually had represented the owner of Patentex, not Patentex itself. The issue of the ownership of Patentex, and the owner's control over Patentex, were collateral to the main issue, the validity of a patent. 478 F.2d at 565-68.

24. Canon 4 states: "A lawyer should preserve the confidences and secrets of a client." ABA CANONS OF PROFESSIONAL ETHICS No. 4.

25. Canon 9 states: "A lawyer should avoid even the appearance of professional impropriety." ABA CANONS OF PROFESSIONAL ETHICS No. 9.
sional Responsibility were implicated. Canon 4, which embodies the principle of attorney-client confidentiality, promotes the free flow of information between attorney and client. Noting that litigation is inherently subtle and complex, the Second Circuit reasoned that an attorney could not avoid the pitfalls either of abusing confidential information acquired in an earlier representation or providing inadequate representation as a result of self-imposed restraint. The proscription by Canon 9 of even the appearance of impropriety further reinforced the effect of Canon 4.

The combination of Canons 4 and 9 thus became the basis for the substantial relation test. The court deemed a strict prophylactic rule necessary to prevent any possibility, however slight, that confidential information acquired from a client during a previous representation could be used against that client by his former attorney in subsequent litigation. In addition to reaffirming the substantial relation test and its requirement of proof, the court imposed the mandate of Canon 9 so that any possibility of use of confidential information adverse to the attorney's former client provided sufficient grounds for disqualification.

In Silver Chrysler Plymouth v. Chrysler Motors Corp., the Sec-

26. 478 F.2d at 565. The court emphasized:
[W]e may not allow [the attorney] to press these claims against Patentex if, in doing so, he might employ information disclosed to him in confidence during his prior defense of [Patentex's owner]. Such a result might work a serious injustice upon [his client] and would tend to undermine public confidence in the Bar. Thus, even an appearance of impropriety requires prompt remedial action by the court.

Id.

27. A lawyer's good faith, although essential in all his professional activity, is nevertheless an inadequate safeguard when standing alone. Even the most rigorous self-discipline might not prevent a lawyer from unconsciously using or manipulating a confidence acquired in the earlier representation and transforming it into a telling advantage in the subsequent litigation. Or, out of an excess of good faith, a lawyer might bend too far in the opposite direction, refraining from seizing a legitimate opportunity for fear that such a tactic might give rise to an appearance of impropriety. In neither event would the litigant's or the public's interest be well served.

478 F.2d at 571.

28. See note 27 supra. "[A] lawyer should avoid representation of a party in a suit against a former client where there may be the appearance of a possible violation of confidence, even though this may not be true in fact." ABA Comm. on Professional Ethics, Opinions, No. 885 (1965).

29. 478 F.2d at 571.

30. See note 16 supra.

31. The court purported to apply the same test as in T.C. Theatre, but added the language of Canon 9.

32. 518 F.2d 751 (2d Cir. 1975).
ond Circuit imposed a more demanding standard for proving possible access to confidential information. The plaintiff's attorney had worked formerly for Chrysler's counsel, but not on the particular matters at issue in the suit. The court stated that the substantial relation test should entail an inquiry into all the facts and circumstances to determine whether the attorney had a reasonable possibility of access to confidential information. Disqualification in the absence of a realistic chance that confidential information was imparted would go far beyond the purpose of disqualification decisions. That purpose consisted of the need to enforce the lawyer's duty of absolute fidelity to his client and the need to guard against the inadvertent use of confidential information. Insisting that a blanket approach was unnecessary to uphold Canons 4 or 9, the court of appeals required instead a thorough examination of the facts of each case. The court noted that most disqualification decisions were for patently clear relations. The standard of proof of a substantial relation, which in Emle involved any possibility whatsoever of use of confidential information, was altered by Silver Chrysler Plymouth to a reasonable possibility of use of confidential information. Subsequently, the same court in Government of India v. Cook Industries, Inc., divided the substantial relation test into two parts: whether the issues in the two representations were substantially related and whether the attorney's involvement in the prior representation was such that he was reasonably likely to have had access to confidential information. Issues were substantially related when the relationship between the two representations was patently clear.

33. Id. at 752. The former representation by the attorney, an associate of a large law firm, had consisted mostly in work on one antitrust suit for Chrysler, whereas the subject of Silver Chrysler was an alleged breach of a lease. Id. at 752, 756.
34. Id. at 757. The court feared the effect upon the job prospects of young attorneys who, after working as associates on purely legal matters for a large firm, could face clients of the same large firm in litigation. Refusing to believe that the law should impute automatically knowledge of confidential information to all attorneys of a firm, the court preferred to apply a rebuttable inference. Id. at 753-54.
35. Id. at 754.
36. The court made no attempt to distinguish Emle because it cited Emle as a disqualification for representation on two sides of an identical issue. The court did reformulate the standard of proof for a substantial relation from slight possibility, as in Emle, to "patently clear." Id. at 754-55.
37. 569 F.2d 737 (2d Cir. 1978).
38. The Second Circuit stated that "[the court will grant] disqualification only upon a
One part of the substantial relation test has remained constant since *T.C. Theatre*. Once a party moving for disqualification has proven a substantial relation, the court invokes an irrebuttable presumption that confidential information was used or would be used to the prejudice of the attorney's former client.\(^39\) The courts have differed only on the formulation of the quantum of proof needed to prove a substantial relation.\(^40\) In varying this formulation, the courts have attempted to balance the conflicting interests of the two clients and the public.\(^41\)

**Separate Treatment of Disqualification and Access to Work Product**

**Underlying Policies: Client Confidence v. Potential Prejudice**

The majority in *First Wisconsin* refused to apply the irrebuttable presumption of use of confidential information to the work product of an attorney disqualified under the substantial relation test, even though that presumption applied to the actual representation by the disqualified attorney. Declining to follow the general precedent for disqualification, the Seventh Circuit suggested that the question of access to work product of disqualified counsel merited a different analysis than disqualification itself. Concomitantly, the court rejected the argument that access to work product constitutes continued representation by the disqualified counsel.\(^42\)

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\(^{41}\) See *Government of India v. Cook Indus.*, 569 F.2d 737 (2d Cir. 1978), in which the court recognized the clash in policies:

> [W]e are mindful that there is a particularly trenchant reason for requiring a high standard of proof on the part of one who seeks to disqualify his former counsel for in disqualification matters we must be solicitous of a client’s right freely to choose his counsel — a right which of course must be balanced against the need to maintain the highest standards of the profession.

*Id.* at 739 (citations omitted).

\(^{42}\) The trial court had asserted:
The majority cited *E.F Hutton & Co. v. Brown* in noting that courts previously had considered the question of disqualification and the question of subsequent protective orders separately. In *Hutton*, the plaintiff sued its former vice-president for negligence and breach of fiduciary duty in lending funds with the stock of a certain corporation as collateral. The defendant moved to disqualify Hutton's counsel because of previous dealings between Hutton's counsel and himself. Hutton's counsel had questioned the vice-president about his involvement in the loan, prepared a memorandum, and kept it on file. Additionally, Hutton's counsel had appeared at SEC hearings with the vice-president, and failed to correct the Commission's impression that Hutton's counsel was personal counsel for the vice-president. Although Hutton could prove that its counsel had received no confidential information from the defendant, the district court refused to admit that evidence and proceeded to disqualify the attorney. Recognizing the customary protection afforded to confidential information, the court nevertheless insisted that the attorney-client relationship itself demanded similar treatment. Disqualification of Hutton's counsel depended

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To attempt to divorce work product from representation would be an absurd proposition. To the contrary, the defendants realize the importance of work product to the representation of their interests in this lawsuit. However, it is precisely the importance of this work product to the representation of the defendants' interests that places its proposed use by substitute counsel in direct violation of the purpose behind disqualification; that is, the preservation of the confidence of the former client given in the context of the fiduciary relationship he forged with his attorney.

First Wis. Mortgage Trust v. First Wis. Corp., 74 F.R.D. at 627.


44. Hutton's counsel asserted he had told the vice-president that he would report to Hutton everything the vice-president related to the counsel. Additionally, everything that the vice-president knew about the loan was known to Hutton as a matter of law. In the court's view, however, the receipt of confidential information was not a prerequisite to disqualification. Id. at 392.

45. The court asserted the following distinction:

[T]he basis for the rule against representing conflicting interests is broader than the basis for the attorney-client evidentiary privilege. The evidentiary privilege and the ethical duty not to disclose confidences both arise from the need to encourage clients to disclose all possibly pertinent information to their attorneys, and both protect only the confidential information disclosed. The duty not to represent conflicting interests, on the other hand, is an outgrowth of the attorney-client relationship itself, which is confidential, or fiduciary, in a broader sense. Not only do clients at times disclose confidential information to their attorneys; they also repose confidence in them.

Id. at 394 (footnotes omitted).
upon a demonstration of a substantial relation. Such a finding, however, was based on the confidence of the client in his attorney, rather than on the possibility of use of confidential information discussed in *First Wisconsin*. 46

The defendant in *Hutton* also moved, on the basis of attorney-client privilege, to enjoin Hutton's counsel from handing over its memoranda of conversations with the defendant to the substitute counsel. In its denial of the motion, the court held that no such privilege existed with respect to the files because the defendant had obtained the information as an officer of the corporation; therefore, Hutton already knew the information contained in the memoranda as a matter of law 47. The court in *First Wisconsin* concluded that *Hutton* supported its holding of a different rule for access to work product because *Hutton* treated disqualification and access to work product with completely distinct analyses.

*Hutton*, however, was concerned less with a substantial relation than with determining whether the appearance of Hutton's counsel with the vice-president constituted representation of the vice-president. Inasmuch as Hutton could show that its attorney possessed no confidential information, the disqualification rested not on the possibility of use of such confidential information, but upon the breach of loyalty to the client and the destruction of his confidence in his attorney. Such considerations naturally are more general than the possibility of use of confidential information. In contrast, the disqualification in *First Wisconsin* depended not only upon general considerations of the duty of undivided loyalty, but more importantly upon the danger of use of confidential information. 48 The main question in *First Wisconsin*, therefore, was not whether the prior representation was actually representation, as in *Hutton*, but whether a substantial relation existed.

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46. A strict rule that preserves a client's confidence in his attorney by disqualifying an attorney even if he could prove that he had received no confidential information and the difficulty in determining whether the attorney had actually gained confidential information led to the disqualification in *Hutton*. *Id.* at 396.

47. The disqualification in *Hutton* stemmed from the preservation of confidence of a client in his attorney, rather than the danger of use of confidential information; therefore, the court devoted little attention to the question of access to the memoranda of Hutton's counsel by substitute counsel. *Id.*

The majority opinion in *First Wisconsin* also relied upon *Allied Realty, Inc. v. Exchange National Bank.* In that case, the Court of Appeals for the Eighth Circuit based its disqualification decision upon the rule that a lawyer who has investigated or passed upon a matter while in public employment should refuse private employment in connection with the matter. The defendants in *Allied Realty* moved for an order enjoining both the use by anyone of any evidence, knowledge, or information examined or obtained by the disqualified counsel, and the commencement of any action against the defendant based upon pleadings prepared by the disqualified counsel.

In refusing to adopt the proposed protective order, the Eighth Circuit noted that the purpose of the rule upon which it had based disqualification was to prevent the attorney from using public office for private gain. Disqualification alone served that purpose; no prohibition against disclosure of information was necessary simply because no confidential information was involved. This result was offered by the court in *First Wisconsin* as support for separate treatment for disqualification and access to work product questions. Clearly, however, the court in *Allied Realty* analyzed disqualification and access to work product differently because the disqualification in that case did not result from the possibility of use of confidential information. Inasmuch as the disqualification in *First Wisconsin* depended upon the possibility of use of confidential information, the precedential value of *Allied Realty* is dubious.

Finally, the majority in *First Wisconsin* relied upon *IBM Corp. v. Levin,* in which the plaintiff sued IBM for restraint of trade. Before and during the pendency of the suit, plaintiff's counsel, a large law firm, had represented IBM in labor law matters. IBM moved for disqualification of plaintiff's counsel shortly before trial.

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50. Id. at 1101. "A lawyer, having once held public office or having been in the public employ, should not after his retirement accept employment in connection with any matter which he has investigated or passed upon while in such office or employ." ABA Code of Ethics No. 36. The attorney had assisted in the preparation and trial of a case against the defendant in which the government attempted to show a mortgage transaction. The plaintiff in *Allied Realty,* represented by the attorney, sued to set aside the same mortgage as fraudulent. 408 F.2d at 1100.

51. 579 F.2d 271 (3d Cir. 1978).

52. Id. at 274-75. The plaintiff Levin filed suit in June, 1972. IBM moved to disqualify plaintiff's attorney in June, 1977, three months before trial. Id. IBM first learned of the dual representation in January, 1977. Id. at 277.
Though no substantial relation existed between the matters of the suit at hand and the counsel’s representation of IBM, the Court of Appeals for the Third Circuit nevertheless disqualified the counsel based on the duty of an attorney to give his undivided loyalty to his client.\(^3\)

IBM also had moved for denial of access to the work product of plaintiff's attorney by substitute counsel. Noting the discretion of the trial court in framing sanctions in order to balance the conflicting interests of the parties involved, the Third Circuit reasoned that disqualification rested upon a vindication of the integrity of the bar, and not upon the use of confidential information. Therefore, the plaintiff could have access to the work product of his disqualified attorney.\(^4\)

Recognizing that IBM was not squarely on point but ignoring the reason for disqualification in IBM, the Seventh Circuit in First Wisconsin noted the different analyses of disqualification and access to work product.\(^5\) Disqualification in IBM, however, involved no danger of any use of confidential information; rather, the appearance of impropriety and the duty of the attorney to give his undivided loyalty to his client were implicated.\(^6\) That duty reflects a policy to preserve the confidence of the public in the integrity of the bar and the confidence of clients in their attorneys. Canon 4, as implicated in First Wisconsin, involves similar interests, but is more specific in that it seeks mainly to prevent the use of confidential information against a former client. Seizing upon the treatment in IBM of disqualification and access to work product, the majority in First Wisconsin analyzed access to work product in terms of the practical effects upon the client of the disqualified attorney while disregarding the potential harm to the client whom the disqualified attorney formerly represented.

\(^{53}\) Id. at 279-80. The court continued: “We think, however, that it is likely that some 'adverse effect' on an attorney's exercise of his independent judgment on behalf of a client may result from the attorney's adversary posture toward the client in another legal matter.” Id. at 280. “An attorney who fails to observe his obligation of undivided loyalty to his client injures his profession and demeans it in the eyes of the public.” Id. at 283.

\(^{54}\) “Here the district court ameliorated the harsh effect upon the plaintiffs of its sanction against [the attorney] by permitting the turnover to substitute counsel for the plaintiffs within sixty days of the past work product of [the attorney] on the case.” Id. at 283.

\(^{55}\) 584 F.2d at 208.

\(^{56}\) See note 53 supra.
Harmful Effects of Automatic Denial of Access

The majority in *First Wisconsin* refused to apply the irrebuttable presumption of use of confidential information to the work product of a disqualified attorney, even though the presumption would apply to the question of representation itself. Insisting that the question of access to work product of disqualified counsel merited a different analysis than disqualification itself, the court refused to limit its perspective solely to the purposes of disqualification. The rationale of the court for the separate analysis of the access to work product question lay in its concern for the client whose attorney was disqualified and the general repercussions of extending an irrebuttable presumption of use of confidential information to the work product of the disqualified attorney.

The majority cited *IBM v. Levin* for the proposition that disqualification served mainly as a vindication of the integrity of the bar. One practical effect of disqualification was that it constituted a sanction against the attorney. The Seventh Circuit, however, regarded the denial of access to the work product of a disqualified attorney as a sanction against the client rather than the attorney. The client would have to pay the costs of duplicating the work product, regardless of whether the attorney had used confidential information in compiling the work product. In *First Wisconsin*, in which fifteen attorneys had labored on the work product in question for an entire year, the expense of duplicating the work product was substantial.

Disqualification, however, is also a sanction against the client. The client must find substitute counsel and familiarize him with the litigation factually as well as legally. The client suffers a delay in the final resolution of the litigation, yet must continue to comply

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57. Id. at 204.
58. The court cited the following “undesirable results” engendered by the inflexible application of disqualification of work product: destruction of disqualified counsel’s work; elimination of trial court discretion; obstruction of the administration of justice; added financial burden to the client of disqualified counsel; and increased public dissatisfaction with the judicial system. Id. at 208-09.
59. Id. The disqualification of the attorney can prevent the attorney from collecting any more fees in the litigation. If the attorney serves as general counsel, as in *First Wisconsin*, his effectiveness and value to his client diminishes. The automatic denial of access to the work product of disqualified counsel, however, does not harm the attorney further, in that the attorney has nothing more to lose.
with discovery requests. The difference in the effect upon the client of denial of access to work product, as contrasted with disqualification itself, lies in the duplication of work product. The difference, then, is less one of substance than of degree.

The court in *First Wisconsin* feared also that automatic denial of access to work product could delay litigation for an indeterminate period. Insisting that the progress of the litigation must be continuous, the court faced the problem that the client of disqualified counsel must participate in pretrial matters such as settlement negotiations and discovery. The client still would have to appear at depositions, answer interrogatories, and comply with requests for admissions. This hardship can be rectified easily by the trial court by framing a protective order to give the client time to find new counsel and educate him on the state of the litigation.

The court feared that automatic exclusion of the disqualified counsel's work product would prevent attorneys from compiling work product and would cause a moratorium on work by the attorney subject to disqualification during the pendency of the motion. Thus, a party could use a disqualification motion as an offensive weapon. The loss in morale by both the attorney and the client is obvious. Recognizing that growing business and legal complexities increase the possibility of disqualification motions, the court indicated that upon a motion for disqualification, the attorney frequently would be compelled to decide whether to defend his integrity or mutely withdraw. The court asserted that no attorney who is charged with impropriety should be forced to resign if he in good

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60. The motion for disqualification in *First Wisconsin* took fifteen months to decide, during which time the movants submitted interrogatories that the general counsel answered.

61. 584 F.2d at 205. Presumably, if an attorney anticipates that the court might disqualify him and therefore automatically deny access by substitute counsel to his work product, he might stop work on all aspects of the litigation, particularly discovery, until the disqualification motion is resolved. If the attorney informs his client of the possible consequences of disqualification, such as automatic denial of access to work product, the client might insist that the attorney halt work and thereby, further delay the progress of the case.

62. *Id.* at 206. A party could move for disqualification shortly before trial, perhaps years after the complaint was filed. If the client, whose attorney was then disqualified, had to pay for years of work product, as well as have his substitute counsel duplicate the work product under pressure, the adverse consequences could be enormous. Correspondingly, the temptation inherent in the strict disqualification rules to use such motions as offensive weapons is magnified if the work product is excluded automatically. See *Woods v. Covington County Bank*, 537 F.2d 804 (5th Cir. 1976).

63. 584 F.2d at 206.
faith denies the charge; on the contrary, the attorney has a duty to defend himself and his client vigorously.

Logically, however, an automatic disqualification of an attorney can have the same effect as an automatic denial of access to work product. An attorney could be forced to abandon the actual representation in order to defend a motion for disqualification. An attorney disqualification motion similarly could be used as an offensive weapon. The zeal of an attorney could be impaired as easily by his own disqualification as by the automatic disqualification of his work product. Clearly, the deleterious impact of a motion for disqualification affects the client as well as the attorney.

The court agreed that the logic of an irrebuttable presumption of use of confidential information extended to all facets of representation, although the plaintiff in *First Wisconsin* had objected to no access by substitute counsel other than to work product. That work product entails continued representation applies similarly, though perhaps with less force, to depositions, evidence, and pleadings. If confidential information possibly could exist in work product, then it could exist in the choice of questions at depositions, in the submission of requests for admissions, or in the basis for the pleadings. Ultimately, the logic of banning access by a substitute counsel to all facets of representation could result in striking the pleadings.

While the court in *First Wisconsin* expressed its fears of the practical effects of an automatic denial of access to work product by substitute counsel and concentrated upon the perceived sanctions against the client, it sidestepped the policies which had led to an irrebuttable presumption of use of confidential information in disqualification cases by citing cases in which the danger of such use was remote or nonexistent. Courts previously had recognized the

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64. See Allied Realty, Inc. v. Exchange Nat'l Bank, 408 F.2d 1099 (8th Cir. 1969). The movant for disqualification sought to extend disqualification to evidence examined by the disqualified attorney, any pleadings based upon information of the disqualified attorney, and the complaint actually prepared by the attorney. *Id.* at 1102. See also Doe v. A Corp., 330 F Supp. 1352 (S.D.N.Y. 1971), *aff'd sub nom.*, Hall v. A Corp., 453 F.2d 1375 (2d Cir. 1972) (per curiam). The plaintiff had acquired the information on which the suit was based while acting as attorney for the defendant corporation. In addition to disqualifying the plaintiff and his co-counsel, the court enjoined the plaintiff and the co-counsel from acting as counsel in any litigation based upon the same information or from disclosing the information to the stockholders of the defendant corporation. Finally, the complaint was dismissed and the case file was sealed.

65. See E.F Hutton & Co. v. Brown, 307 F Supp. 371 (S.D. Tex. 1969) (disqualification for previous representation, but no danger of use of confidential information); Allied Realty,
harm posed by disqualification to a client, particularly to his free choice of counsel, but had insisted that the equities favored both the previously represented but now adverse client and the public interest in the integrity of the bar.\textsuperscript{66} The courts in those cases decided that the policy which encourages clients to confide freely in their attorneys outweighed the primarily financial burdens placed upon the client whose attorney was disqualified.\textsuperscript{67} Those decisions based the substantial relation test upon the preservation of the appearance of propriety and the protection of the confidential information of the former client.\textsuperscript{68} Ignoring these grounds for the substantial relation test, the court in \textit{First Wisconsin} viewed disqualification as a penalty against the attorney and a vindication of the integrity of the bar. Thus, \textit{First Wisconsin} completely changed the focus of disqualification in addition to its formulation of a different analysis for the question of access to work product.

Faced with conflicting policies and harmful practical effects, the court in \textit{First Wisconsin} decided that no presumptions should apply to the issue of substitute counsel's access to the work product of a disqualified attorney. The court rejected the argument that work product constituted continued representation by disqualified counsel. Trial courts were directed to view all of the pertinent facts in

Inc. v. Exchange Nat'l Bank, 408 F.2d 1099 (8th Cir. 1969), cert. denied, 396 U.S. 823 (1969) (disqualification for representing plaintiff in same issues for which attorney had represented federal government); IBM Corp. v. Levin, 579 F.2d 271 (3d Cir. 1978) (disqualification for subsequent representation not substantially related to prior representation of the adversary).

66. \textit{E.g.}, Emle Indus., Inc. v. Patentex, Inc., 478 F.2d 562, 564-65 (2d Cir. 1973) in which the court carefully scrutinized the countervailing policies involved:

\begin{quote}
We approach our task as a reviewing court in this case conscious of our responsibility to preserve a balance, delicate though it may be, between an individual's right to his own freely chosen counsel and the need to maintain the highest ethical standards of professional responsibility. This balance is essential if the public's trust in the integrity of the Bar is to be preserved. Moreover, we are mindful that ethical problems cannot be resolved in a vacuum. To affirm the order [of disqualification] below will deprive plaintiffs of highly qualified counsel of their own choosing and may foreclose [the attorney's] participation in future actions brought against [the defendants]. There can be no doubt, however, that we may not allow [the attorney] to press these claims if he might employ information disclosed to him in confidence during his prior defense of [the defendants]. Such a result would work a serious injustice upon [the defendants] and would tend to undermine public confidence in the Bar.
\end{quote}

\textit{Id.}

67. See note 65 supra.

68. \textit{Id.}
the context of each case to determine whether any taint of confidentiality or other improper advantage actually was gained from the dual representation. Although it suggested an in camera examination to determine the actual taint, the court otherwise articulated no procedure that would assure that no taint of confidential information or otherwise unfair advantage exists in the work product.\(^6^9\) The majority also acquiesced in an alternate formulation suggested by the dissent that a court should deny access to work product if a reasonable possibility of use of confidential information existed in the work product itself or in its creation. Thus, two tests appeared in the majority opinion: one that rested upon the possibility of the use of confidential information and one that relied upon a showing of actual use of confidential information or otherwise unfair advantage.

**Possible Use v. Actual Use: Test Application**

Although the majority did not examine the work product in question, it relied on affidavits of disqualified counsel that stated that no confidential information appeared in the work product, and assumed that the work product was purely ministerial.\(^7^0\) Noting that the litigation already had been delayed substantially, the majority permitted substitute counsel to have access to the work product. Thus, the majority, in failing to investigate the work product for possible taint, simply ignored its own test.

In applying the second test, the possibility test, the majority noted that the plaintiff, whom the bank's disqualified counsel had represented before the suit, had never contended that confidential information had been used by the disqualified counsel in connection with the work product.\(^7^1\) Inasmuch as the trust was in the best

\(^6^9\) 584 F.2d at 211 n.6.

\(^7^0\) The work product was ministerial in that any attorney who had not previously represented either client could have compiled the work product. *Id.* at 203-04.

\(^7^1\) *Id.* at 210. The majority apparently based its assumption of an absence of confidential information in the work product on the failure of the trust to contend that the disqualified general counsel had used confidential information in the work product. In oral argument, however, the trust explained that it had based its argument on the automatic exclusion of disqualified counsel's work product after disqualification. The trust further stated that the disqualified counsel had not used confidential information in the evidentiary sense of the attorney-client privilege, but had used confidential information in the context of secrets—that information which, if divulged, would be detrimental to the client. Clearly, the majority ignored the contentions of the trust that confidential information existed in the work product. *Id.*
position to know whether the general counsel possibly had used confidential information in the work product, the majority concluded that no possibility of use of confidential information existed in the work product. The court simply stated that the work product was ministerial, finding support for its belief in the trust’s failure to either rebut the contention of ministeriality or express any fear that the work product contained confidential information.

The dissent also applied the possibility test, speculating upon the various possibilities of confidential information in the work product. The dissenting opinion implied that the presumption of use of confidential information, which courts apply after a finding of substantial relation, should decide the question of access to work product of disqualified counsel. As a result of the presence of the general counsel at meetings between the trust and the advisers from the bank, the dissent discerned a possibility that the general counsel knew the reactions of the trust plaintiff to the advice on the loans given by the bank defendants. If the general counsel was privy to those reactions, he could have placed that presumably confidential information in the work product. The dissent also stated that the general counsel could use such knowledge to determine what facts in the loan files were important and thereby direct the substitute counsel in his representation of the bank. Moreover, the dissent asserted that the possibility of use of confidential information in the creation of the work product would allow the substitute counsel to discern an emphasis upon particular facts and impressions in the work product. Although the substitute counsel therefore could derive unfair advantage from access to the work product, the limited perspective afforded a judge by in camera proceedings might prevent him from discerning the confidential information in the work product or its creation. The suggestion of the majority regarding

72. Id. at 218 (Castle, J., concurring in part, dissenting in part). Objections to the possibility of confidential information in the work product did not extend to the possibility of confidential information in the discovery materials and the pleadings. Id. at 216-17 n.8.

73. Id. at 218. The dissent asserted: "It should be unnecessary in applying Canon 4 to speculate as to the specific confidences which may have been used by disqualified counsel."

74. Id. The substitute counsel could also rely to a great extent on the work product with the knowledge that someone with confidential information prepared the work product.

75. Id. Substitute counsel would have time to pore over the work product whereas a trial judge, in the limited time available to him and in view of a huge amount of work product,
the use of in camera proceedings to discover confidential information in the work product was therefore impractical, as well as contrary to the policy of protecting the actual, confidential information.\footnote{76}

Relying on these speculations, the dissent would have held that whereas the trial court acted improperly in automatically applying an irrebuttable presumption of use of confidential information in work product generated by disqualified attorneys, nevertheless the denial of access to work product was correct because the possibility of use of confidential information in the work product or in its creation was too great.\footnote{77} The dissent acknowledged that disqualification attenuated the danger of use of confidential information somewhat, but insisted that the test for whether a reasonable possibility of confidential information exists in the work product should be the same as the substantial relation test.\footnote{78}

The dissent, however, sought to render the possibility test rebuttable. The finding of a possibility of use of confidential information in the work product depended upon a finding of reasonable possibility of access to confidential information. Essentially this embodies the substantial relation test.\footnote{79} In practice, however, the quantum of evidence necessary to prove a reasonable possibility of access to could skim only portions of the work product in an attempt to discern the use of confidential information in the work product.

\footnote{76}{See, e.g., T.C. Theatre Corp. v. Warner Bros. Pictures, Inc., 113 F Supp. 265, 269 (S.D.N.Y. 1953).}

\footnote{77}{584 F.2d at 217. The dissent also would have denied access to the work product purely upon the basis of Canon 9. Noting that Canon 9 does not require actual proof of impropriety, the dissent queried whether reasonable members of the public would view access to predisqualification work product as improper, and if so, whether the benefit of permitting such access outweighs the harm to the public trust. In First Wisconsin, the appearance of impropriety according to the dissent outweighed the financial loss to the client whose attorney was disqualified. \textit{Id.} at 220.}

\footnote{78}{Id. at 215. The dissent noted: [T]he purpose of presuming the possession of confidences in disqualification cases is that once a former attorney-client relationship in a substantially related case is established, the possibility of confidential information being used against the former client is too great to allow continued representation. The issue has always been one of whether counsel had the opportunity to obtain and use confidences, not whether specific confidences were actually used. Consequently, the question here should be whether the physical removal of counsel from the case, while leaving his work product, eliminates or greatly lessens the possibility of confidential information being used against his former client. \textit{Id.}}

\footnote{79}{See note 16 \textit{supra}.}
confidential information by the attorney sought to be disqualified, could render the same result in determining whether an attorney had a reasonable possibility of access to confidential information which could appear in the work product. The dissent depicted a situation in which an attorney who had previously represented a client joined a firm in representing a client adverse to the attorney’s former client after the work product had been produced. The dissent would disqualify the attorney and his firm, but would not deny access to the work product. Therefore, the dissent would not deny access to work product which was irrelevant to the question of disqualification. Any other work product, however, presents the danger of transmitting confidential information which, however remote, should be averted by the disqualification of the work product.

Test Viability

By its unsubstantiated assumption that no taint of confidentiality existed in the work product, the majority enunciated a test with little substance. The majority also confused the test to determine whether confidential information actually inhered in the work product with the test to determine whether confidential information possibly could inhere in the work product. The decision implied that the possibility of confidential information in the work product must be less remote than the facts of First Wisconsin indicated in order to deny substitute counsel access to the disqualified counsel’s work product. Hence, the standard for finding a possibility of use of confidential information is indistinct at best.

80. 584 F.2d at 216.
81. Id.
82. Although the majority demanded flexibility on the part of the trial court in determining the facts and framing an appropriate remedy for access to work product of disqualified counsel, it resolved the issue in First Wisconsin simply on the basis of an assumption that no confidential information existed in the work product and a fear of the adverse repercussions which might ensue from an automatic disqualification. Thus, the majority failed to observe its own standards.
83. To prove the existence of confidential information in work product, a movant would have to show actual confidences. To prove the possibility of confidential information in work product, the movant would have to show that by extrinsic facts, confidential information could reasonably be said to be in the work product.
84. Not only did the general counsel’s representation of the trust bear a substantial relation to the matters of the litigation in First Wisconsin, but the litigation turned upon the contractual duties of the bank defendant which the general counsel had defined. Therefore, the relation was not merely substantial, but identical.
In recommending the use of in camera proceedings, the majority adopted a procedure that the courts in disqualification proceedings uniformly have avoided. If the courts adopt in camera proceedings to determine whether work product actually contains confidential information, then the party moving for denial of access to work product by substitute counsel would have to reveal the very confidences he wishes to keep secret. This situation presents the substantial risk that the trial judge inadvertently might use the same information in making rulings during the trial. Moreover, a judge might be unable to ascertain the existence of confidential information in the work product. Consequently, in camera proceedings are unworkable and belie the purpose of disqualification itself.

**Conclusion**

*First Wisconsin* fails to elucidate for the trial judge or the attorney the quantum of evidence necessary to prove the use of confidential information in the work product of an attorney disqualified under Canon 4. The majority based its decision on its fear of the deleterious practical effects of disqualification upon the client. In so reasoning, it neglected the history of and rationale for a Canon 4 disqualification. The dissent also erred in applying the presumption of use of confidential information without giving much weight to the hardships that denial of access to work product imposes upon the client whose counsel is disqualified.

The appropriate resolution should begin with a recognition of the policies of the preservation of public and client confidence. The trial court should balance those policies in the light of the facts of the particular case before it, without relying upon rigid presumptions. Instead, the court should balance the weight of the evidence, the effect of a decision upon the two clients and, finally, upon the public. Such an approach would preserve the discretion of the trial judge, whose ruling should be binding except in instances of obvious abuse. Inasmuch as the public interest represents a third interest in such a balance, it could serve as the decisive factor favoring either access or denial of access to the disqualified attorney's work product.

The trial judge should assess a case in terms of the relative possibility of use of confidential information by looking to such factors as the size of a law firm, the particular attorney or attorneys who
have personally represented the previous client, and the attorneys who have actually compiled the work product. The question of hardship to the client of a disqualified attorney, should be evaluated in terms of the delay in litigation, the opportunity for re-creation of the work product, and the amount of added expense. If the court finds that the danger of the possibility of use of confidential information is great, and the effect of denial of access to work product minimal, then it should deny access to work product. If the trial judge finds the danger of possibility of use of confidential information remote, as in *First Wisconsin*, and the effect upon the client of denial of access to work product great, access to the work product should be permitted. In closer cases, the trial judge must use both his knowledge of the case and the interest of the public to decide the issue of access. Of course such a balancing process is vague inasmuch as the possibility of access to confidential information is not susceptible to measurement. The balancing process, however, would enable the trial court to take into account the myriad nuances of a case, including the willful tardiness of a party in moving for disqualification.

Ultimately the attorney, rather than the litigants, is in the best position to avert the dilemma posed by disqualification. Usually an attorney can recognize readily the danger of conflict between his past and present representations; therefore, the attorney should inform the client of that danger and its potential consequences. This duty should be enforced by stringent sanctions, including the possibility of a malpractice action by the client against his neglectful attorney. In this way, much of the irresolvable debate over access questions could be avoided.

S.M.G.