



The Advocate

Official Publication
of the Idaho State Bar
Volume 56, No. 10
October 2013

Trouble with Patents 26, 32, 37

Mediation Tips 44

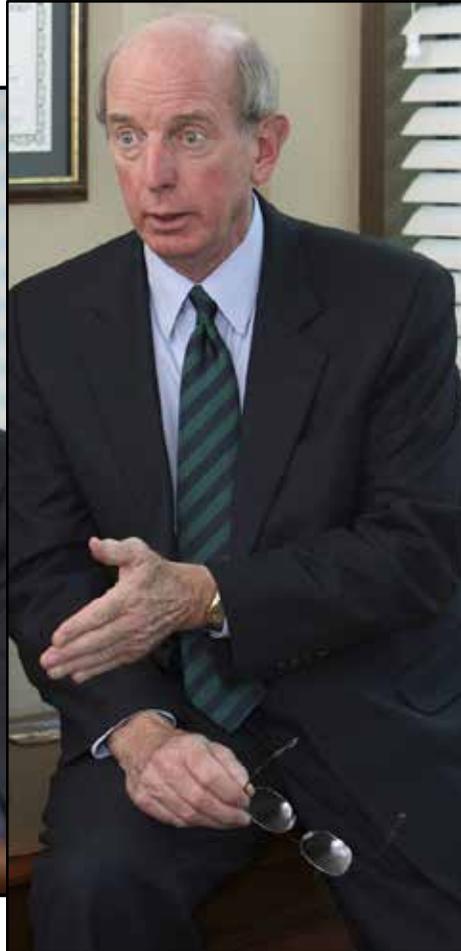
Ethics Quiz 46

'Guidance' Raises Questions 52

Writing Better Briefs 62



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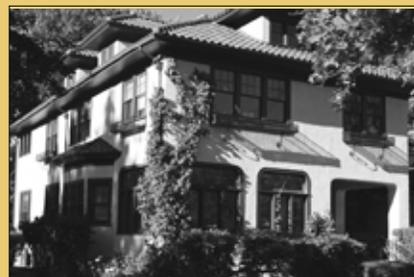
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56 (10), October 2013

Section Articles

- 24** World of Intellectual Property Changes Quickly
Dana M. Herberholz
- 26** Has the Transformative Use Test Swung the Pendulum Too Far in Favor of Secondary Users?
Jennifer Pitino
- 32** Score One for Competition: A Look at the Rational Limits of Trade Dress Protection for Unregistered Product Designs
Kennedy K. Luvai
- 37** Does Not Compute: Is Software Patentable Anymore?
Christopher Cuneo
- 44** Participating in a Mediation — A Guide for Attorneys
Deborah A. Ferguson
- 46** Conflicts of Interest: Challenges in the 21st Century
Gerald T. Husch and Andrea J. Rosholt
- 52** The Common Fund Doctrine and the Perils of “Guidance”
Wm. “Breck” Seiniger, Jr.
- 60** Security on a Smart Phone With an App
Mark Bassingthwaight
- 62** Ten Steps to Build Better Briefs: Part II
Tenielle Fordyce-Ruff

Columns

- 16 President’s Message, *William H. Wellman*
22 Executive Director’s Report, *Diane K. Minnich*
58 ABA Delegate Report, *Deborah A. Ferguson*

News and Notices

- 15 Continuing Legal Education (CLE) Information
18 Discipline
20 News Briefs
21 Idaho Academy of Leadership for lawyers Class 2013 -14
41 Idaho Court of Appeals and Idaho Supreme Court
42 Cases Pending
66 Of Interest
67 Statement of Ownership
69 Classifieds



On the Cover:

Molly O’Leary submitted this photo, which was taken in late September of 2012 in Ketchum, Idaho on a “This is why I love Idaho” Fall day. She wrote, “The contrast of the sunlit maple leaves against the blue-blue sky captured the essence of the day, and the season, for me.” Molly O’Leary is a former bar commissioner and practices at BizCounselor@Law, PLLC in Boise.

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Editors:

Special thanks to the October editorial team: Brian P. Kane, Angela Schaer Kaufmann and Dean Bennett.

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The Advocate (ISSN 05154987) is published the following months: January, February, March, April, May, June, August, September, October, November, and December by the Idaho State Bar, 525 W. Jefferson Street, Boise, Idaho 83702. Subscriptions: Idaho State Bar members receive *The Advocate* as part of their annual dues payment. Nonmember subscriptions are \$45 per year. Periodicals postage paid at Boise, Idaho.

POSTMASTER: Send address changes to:

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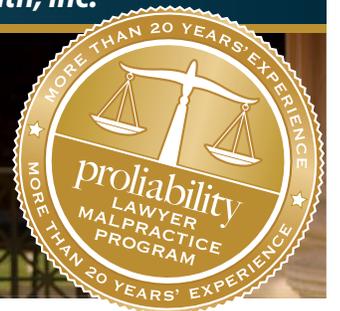
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Mr. Lamer received his law degree and Master of Urban Planning at the University of Kansas. His practice will continue to focus on land use, real estate, and construction litigation. He is a member of the American Institute of Certified Planners, a LEED accredited professional, and a former Planning Commissioner for the Lawrence-Douglas County (Kansas) Metropolitan Planning Commission



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ISB/ILF Upcoming CLEs

October

October 11

The Changing Face of Family Law Practice in Idaho

Sponsored by the Family Law Section

The Coeur d'Alene Resort, 115 S. 2nd Ave. – Coeur d'Alene

9:00 a.m. (PDT)

6.25 credits of which 1.0 is Ethics (RAC)

October 18

The Changing Face of Family Law Practice in Idaho

Sponsored by the Family Law Section

The Red Lion Pocatello, 1555 Pocatello Creek Rd. - Pocatello

9:00 a.m. (MDT)

6.25 credits of which 1.0 is Ethics (RAC)

October 25

The Changing Face of Family Law Practice in Idaho

Sponsored by the Family Law Section

The Riverside Hotel, 2900 W. Chinden - Boise

9:00 a.m. (MDT)

6.25 credits of which 1.0 is Ethics (RAC)

November

November 4

Appreciating the Importance of Climate in the Practice of Law

Sponsored by the Idaho Law Foundation

Telephonic Conferencing

12:30 p.m. (MST)

1.0 CLE credits

November 5

The Secrets of America's Best Lawyers: The Traits and Characteristics of Highly Effective Lawyers

Sponsored by the Professionalism and Ethics Section

8:30 a.m. (MST)

The Law Center, 525 W. Jefferson - Boise / Statewide Webcast

1.5 CLE credits of which 1.5 is Ethics

November 12

The Intersection of Animal & Tax Law

Sponsored by the Animal Law Section and the Taxation, Probate and Trust Law Section

1:00 p.m. (MST)

The Law Center, 525 W. Jefferson - Boise / Statewide Webcast

3.0 CLE credits

November 15

Hydrology for Lawyers

Sponsored by the Water Law Section

8:30 a.m. (MST)

The Law Center, 525 W. Jefferson – Boise

6.0 CLE credits

November (continued)

November 15

2013 Headline News – Moscow

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University Inn – Best Western, 1516 W. Pullman Rd. – Moscow

6.0 CLE credits of which 1.0 is Ethics

November 18

What We Wish Our Business Clients Knew About the Law

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Telephonic Conferencing

12:30 p.m. (MST)

1.0 CLE credits

November 22

2013 Headline News – Pocatello

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Red Lion Hotel, 1555 Pocatello Creek Rd. – Pocatello

6.0 CLE credits of which 1.0 is Ethics

November 25

Making the Case for an Award of Restitution – or Not

Sponsored by the Idaho Law Foundation

Telephonic Conferencing

12:30 p.m. (MST)

1.0 CLE credits

December

December 2

Federal Prison: Advising Your Clients on How to Survive

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12:30 p.m. (MST)

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December 6

2013 Headline News – Boise

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Indigent Defense Deserves the Serious Reform Now Being Considered

William H. Wellman
President, Idaho State Bar
Board of Commissioners

Beginning in 1986, I began a two-year term as the contract Public Defender in Owyhee County. I am still the Public Defender in Owyhee County. Other than establishing the state appellate public defender and capital defense competency standards, not much has changed in the public defender service delivery in Idaho since my initial selection by the county commission. County commissioners select the model for needy persons seeking legal counsel. The models utilize in-house defender offices for larger counties, contract private counsel and a rotating list of attorneys to be assigned by the court. Both types of private counsel contractors have unrestricted opportunity to undertake other legal work.

Changes to the system have started and more are on the way.

This last session the Idaho Legislature amended the financial criteria to qualify as indigent. Now qualifying for counsel is based on household income less than 187% of the federal poverty level, to those receiving public assistance benefits or incarceration. Other amendments were adopted to assure consistent treatment for adults, juveniles, parents subject to CPA actions and involuntary committed persons seeking counsel, especially



The chief justice also recognized that public defense needs state money to ease the burden currently carried by counties.

in initial disclosures to determine if counsel should be appointed. An annual report from all defending attorneys is now required to facilitate data analysis.

Currently, the Legislature's Public Defense Reform Interim Committee is gathering input to fashion more substantial proposals to address the public defender system. Several experts have addressed the issues including Chief Justice Roger Burdick. He emphasized the need to gather data in a systematic manner to provide accountability in the analysis of the public defender system. The chief also recognized that public defense needs state money to ease the burden currently carried by counties.

Sara Thomas, the State Appellate Public Defender and the governor's recently appointed chair of the Idaho Criminal Justice Commission also weighed in before the committee. Among her remarks, Ms. Thomas made these points for the legislature to consider:

- the structure and organization of indigent defense delivery;

- the oversight and accountability of indigent defense delivery;
- the mechanisms, standards, and funding for training and education for defending attorneys;
- long-range planning for stable and ongoing funding of indigent defense delivery.

The speaker's comments and the minutes of the initial interim committee meeting are available at <http://legislature.idaho.gov/session-info/2013/interim/defense.html>.

Statewide, counties spent over \$21 million on public defender costs in 2011. City governments in Idaho spend nothing toward public defense costs. The state and the cities can and should come along and bear some costs in reforming the public defender delivery system. City prosecutions generate a steady revenue stream that can be used to offset indigent defense cost.

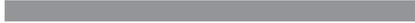
In my opinion this reform effort will have the most significant effect on the criminal justice system in Idaho in the last 50 years.

The inherent conflict in the low bidder contract award and the right

of the defendant to a vigorous competent defense will be in the debate. If the state steps in to restructure and fund the public defender delivery model, the low bidder contracts will likely become a relic of the past.

In my experience the playing field is level between small-county prosecution and public defender model — so long as a one-to-one attorney ratio exists. More so than in my early years as a public defender, complex cases are being filed in smaller populated counties and local prosecutors are seeking outside help from the Attorney General or larger county attorneys. Courts have not been consistent balancing the resources necessary to provide experts and research needed in these tough cases. These complex cases give me pause to consider the adoption of a district prosecutor and defender system. In a radical departure from the current county method, this model can consolidate services, education

These complex cases give me pause to consider the adoption of a district prosecutor and defender system.



and training, and shift costs. If the indigent defense delivery system is to be fixed the option of a district-wide office with state oversight should be considered.

Look at your experiences as a public defender and prosecutor and ask the question whether the criminal justice system would be better served by moving to district-wide offices.

Further committee meetings are scheduled this fall.

About the Author

William H. Wellman is a solo practice attorney in Nampa, and is also the current President of the Idaho State Bar Board of Commissioners. Mr. Wellman has his BA from Miami University in Oxford, Ohio '74 and JD from West Virginia University College of Law '79. He has been the contract public defender in Owyhee County since 1986. His wife Debbie is a custody mediator and licensed counselor. They are parents to three adult children, all living in Boise.

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Dennis C. Weigt
(Suspension)

On July 1, 2013, the Idaho Supreme Court issued a Disciplinary Order suspending Boise attorney, Dennis C. Weigt, from the practice of law for a period of five years.

The Idaho Supreme Court found that Mr. Weigt violated I.R.P.C. 4.2 [“Communication with Person Represented by Counsel”], 1.4 [Communication], 8.4(d) [Misconduct], 8.1(b) [Failure to Respond to Bar Counsel] and I.B.C.R. 505(e) [Failure to Cooperate with or Respond to Disciplinary Authorities]. The Idaho Supreme Court’s Disciplinary Order followed a stipulated resolution of an Idaho State Bar discipline case in which Mr. Weigt admitted that he violated those Idaho Rules of Professional Conduct.

Mr. Weigt’s misconduct related to two client matters. In the first client matter, Mr. Weigt’s client and the opposing party in litigation agreed to a settlement. Mr. Weigt met with an opposing party, who represented that the opposing parties had fired their attorney, and that opposing party executed settlement documents indicating that the opposing party and a related business entity were appearing pro se, even though they still had an attorney of record and that attorney had not reviewed the settlement documents. Mr. Weigt filed those documents with the Court and the Court denied the proposed order. Mr. Weigt also failed to respond to Bar Counsel’s Office during the investigation of those disciplinary circumstances. Mr. Weigt admitted that he communicated with a person represented by counsel in violation of I.R.P.C. 4.2 and failed to respond to Bar Counsel during its investigation of that matter.

In the second client matter, Mr. Weigt represented a criminal defendant. Mr. Weigt failed to attend the sentencing hearing and his client informed the Judge that Mr. Weigt had not communicated with him or re-

sponded to multiple phone messages. The Judge appointed a public defender to represent the client and continued the sentencing hearing. Mr. Weigt admitted that he did not reasonably communicate with his client and that his conduct was prejudicial to the administration of justice.

The Disciplinary Order provides that the five year suspension shall run from March 2, 2012 through March 2, 2017. On March 2, 2012, Mr. Weigt voluntarily cancelled his active license to practice law and has not practiced law since that date.

Inquiries about this matter may be directed to: Bar Counsel, Idaho State Bar, P.O. Box 895, Boise, Idaho 83701, (208) 334-4500.

Larry D. Purviance

(Resignation in Lieu of Discipline)

On August 7, 2013, the Idaho Supreme Court issued an Order accepting the resignation in lieu of discipline of Coeur d’Alene attorney, Larry D. Purviance. The Idaho Supreme Court’s Order followed a stipulated resolution of a disciplinary proceeding that related to the following circumstances.

On July 1, 2013, the Idaho State Bar filed a formal charge Complaint alleging six counts of professional misconduct. With respect to Count One, Mr. Purviance admitted that he violated I.R.P.C. 1.2(a), relating to the scope of representation, 1.3, relating to diligence, and 1.4, relating to communication with a client. Count One related to Mr. Purviance’s representation of a client in a criminal probation matter. In that case, Mr. Purviance filed a motion for unsupervised probation, but failed to schedule a hearing as requested, did not diligently pursue the representation, and failed to reasonably communicate with his client.

With respect to Count Two, Mr. Purviance admitted that he violated I.R.P.C. 1.2(a), relating to the scope of representation, 1.4, relating to commu-

nication with a client, and 1.16(a), relating to his failure to withdraw from the representation. Count Two related to Mr. Purviance’s representation of a client in a federal civil rights appeal. In that case, Mr. Purviance failed to file an opening brief, failed to timely inform his client that the appeal was dismissed, and failed to inform his client that he was unable to complete the representation as requested.

With respect to Count Three, Mr. Purviance admitted that he violated I.R.P.C. 1.2(a), relating to the scope of representation, 1.4, relating to communication with a client, and 1.16(a), relating to his failure to withdraw from the representation. Count Three related to Mr. Purviance’s representation of a client in a federal civil rights action. In that case, Mr. Purviance failed to timely serve the Complaint, failed to communicate with his client about the dismissal of her case, and failed to inform his client that he was unable to complete the representation as requested.

With respect to Count Four, Mr. Purviance admitted that he violated I.R.P.C. 1.2(a), relating to the scope of representation, and 1.16(a), relating to his failure to withdraw from the representation. Count Four related to Mr. Purviance’s representation of a client in a federal civil rights appeal. In that case, Mr. Purviance failed to file an opening brief or inform his client that he was unable to complete the representation as requested.

With respect to Count Five, Mr. Purviance admitted that he violated I.R.P.C. 1.2(a), relating to the scope of representation, 1.4, relating to communication with a client, and 1.16(a), relating to his failure to withdraw from the representation. Count Five related to Mr. Purviance’s representation of a client in a federal civil rights appeal. In that case, Mr. Purviance failed to file an opening brief, failed to inform his client that the appeal was dismissed, and failed to inform his client that he was unable to complete the representation as requested.

DISCIPLINE

With respect to Count Six, Mr. Purviance admitted that he violated I.R.P.C. 1.15(a), relating to a failure to hold client property separate from the attorney's own property, 1.15(b), relating to a failure to deposit into a client trust account fees and expenses that are paid in advance, and 1.15(c), relating to a failure to promptly notify and disburse to clients funds that clients are entitled to receive. In that case, Mr. Purviance withdrew funds from his trust account to pay personal and business expenses, deposited advance costs from clients into his general operating account, and failed to promptly disburse to one client funds that the client was entitled to receive.

The Idaho Supreme Court entered an Order accepting Mr. Purviance's resignation effective August 15, 2013. By the terms of the Order, Mr. Purviance may not make application for admission to the Idaho State Bar sooner than five years from the date of his resignation. If he does make such application for admission, he will be required to comply with the bar admission requirements in Section II of the Idaho Bar Commission Rules and shall have the burden of overcoming the rebuttable presumption of "unfitness to practice law."

By the terms of the Idaho Supreme Court's Order, Mr. Purviance's name was stricken from the records of the Idaho Supreme Court and his right to practice law before the courts in the State of Idaho was terminated on August 15, 2013.

Inquiries about this matter may be directed to: Bar Counsel, Idaho State Bar, P.O. Box 895, Boise, Idaho 83701, (208) 334-4500.

Fiona A.C. Kennedy

(Disbarment)

On August 26, 2013, the Idaho Supreme Court entered its Order of Disbarment, ordering that Rathdrum attorney, Fiona A.C. Kennedy,

be disbarred. Following a disciplinary hearing, a Hearing Committee of the Professional Conduct Board recommended disbarment. The Idaho Supreme Court Order concluded the reciprocal disciplinary case that was filed on January 17, 2013.

Ms. Kennedy was admitted to practice law in Idaho in November 2005. She was also admitted to practice law in Washington. On January 3, 2013, the Washington Supreme Court entered its Order disbaring Ms. Kennedy. In the Washington disciplinary case, the Hearing Officer concluded that Ms. Kennedy violated Washington Rules of Professional Conduct 1.1 [Competence], 1.3 [Diligence], 1.4(a)(1), (a)(2) and (b) [Communication], 3.3(a)(1) [Candor Toward Tribunal], 8.4(c) [Conduct Involving Dishonesty, Fraud, Deceit or Misrepresentation], 1.16 [Duties Upon Termination of Representation], and 8.4(l) [Duties Imposed by the Rules for Enforcement of Lawyer's Conduct in Connection with the Disciplinary Matter].

In the Washington disciplinary case, Ms. Kennedy listed her client's doctor who had diagnosed the condition at issue, as a witness. Without notice or explanation to her client, Ms. Kennedy removed that doctor as a witness and instead had the case determined by submittal of a deposition of a doctor who did not diagnose or treat Ms. Kennedy's client for that medical condition. As a consequence of Ms. Kennedy's conduct, the client lost the opportunity to have a hearing on her worker's compensation claim, to present relevant medical evidence and to testify. The client's appeal was dismissed and she was denied medical treatment for her condition. Ms. Kennedy also did not deliver the client's file to the client after being terminated, despite two requests for the file by the client's new counsel and despite assuring new counsel that she would do so. Ms. Kennedy also con-

tinually failed to cooperate with the disciplinary investigation in Washington, even after the Washington Supreme Court had entered orders suspending her, in part, for similar misconduct.

Consistent with Idaho Bar Commission Rules 506(a) and 513, the Idaho Supreme Court disbarred Ms. Kennedy from the practice of law in Idaho, as a reciprocal sanction. The Court also ordered that Ms. Kennedy reimburse the Idaho State Bar for its costs in the amount of \$674.04. The Court's Order removed Ms. Kennedy from the records of the Idaho Supreme Court as a member of the Idaho State Bar and her right to practice law before Idaho courts was terminated on August 26, 2013.

Ms. Kennedy cannot apply for admission to the Idaho State Bar sooner than five years from the date of her disbarment. If she applies for admission, she will be required to comply with the bar admission requirements in Section II of the Idaho Bar Commission Rules and will have the burden of overcoming the rebuttable presumption of "unfitness to practice law."

This disbarment notice shall be published in the *Advocate*, the *Coeur d'Alene Press*, and the *Idaho Reports*.

Inquiries about this matter may be directed to: Bar Counsel, Idaho State Bar, P.O. Box 895, Boise, Idaho 83701, (208) 334-4500.

John T. Bujak

(Reinstatement to Active Status)

On August 28, 2013, the Idaho Supreme Court entered an order dissolving interim suspension and reinstating the license of John T. Bujak to practice law in Idaho.

Inquiries about this matter may be directed to: Bar Counsel, Idaho State Bar, P.O. Box 895, Boise, Idaho 83701, (208) 334-4500.

Another try for University of Idaho 2L in Boise

The Idaho Board of Education has again approved a plan to allow second-year University of Idaho law students to take classes in Boise.

It's the second time the state board has granted the request from UI — but last year the budget approval for the expansion was voted down in the Legislature. UI Vice President for Finance and Administration Ron Smith says he's hopeful that this year lawmakers will support the expansion.

Third-year curriculum is already being offered at the UI's law school program in Boise.

Citizens Law Academy begins anew

The Fourth and Seventh District Bar Associations have once again organized free public education seminars devoted to learning how the state's legal system works. The seminars, which feature some of the legendary names in Idaho jurisprudence, are called the Citizens' Law Academy.

Attendees learn about the judicial system from the ground up, debunking popular misconceptions and learning some of the strengths and limits of the system. The popular classes usually fill to capacity and continue from mid-September to early November.

Sandra Day O'Connor speaks in Boise

The Andrus Center for Public Policy had a sellout crowd for its conference, "Transforming America: Women and Leadership in the 21st Century," which was held Sept. 4-6 in Boise. The keynote speaker was former United States Supreme Court Justice Sandra Day O'Connor. Her talk explored the pitfalls of Americans lacking basic knowledge of our country's civic institutions and their history.

Morris Dees to deliver Bellwood Lecture

The University of Idaho will host Civil Rights attorney and activist Morris Dees in its annual Bellwood

Lecture. The popular speaker will deliver remarks at a reception in Boise at 5:30 p.m. on Monday, Oct. 7 at the Boise Centre; and at 3:30 p.m. on Tuesday Oct. 8 at the Student Union Ballroom at the University of Idaho in Moscow. The Moscow talk will be webcast at www.uidaho.edu/live. Seating is limited at the Boise event and attendees are asked to RSVP to law-events@uidaho.edu.

Resolutions would change bar rules

Several resolutions will be proposed to the bar membership this fall. If approved, they would amend the Idaho Rules of Professional Conduct and several of the Idaho Bar Commission Rules. These are explained more fully in the Executive Director's column on page 22. The specific resolution language will be made available in early October on the bar's website, www.isb.idaho.gov, and will be mailed to each member of the Idaho State Bar before the Resolution Roadshow is held in each district in early November.

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IDAHO ACADEMY OF LEADERSHIP FOR LAWYERS CLASS OF 2013-2014



Richard S. Bower



Maureen Ryan Braley



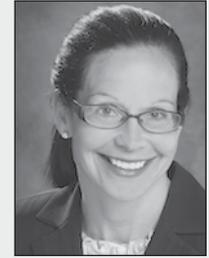
Amanda A. Breen



Paul L. Clark



Lynnette M. Davis



Mischelle R. Fulgham



D. Michelle
Gustavson



Taylor L.
Mossman-Fletcher



Alison M. Nelson



Brooke A. O'Neil



Tyler S. Rounds



Stephen A. Stokes

Idaho Academy Leadership for Lawyers Announces 2013 - 14 Class

The Idaho Academy of Leadership for Lawyers (IALL) proudly announces the 2013-14 class. Now in its third year, IALL's mission is to promote diversity and inspire the development of leadership within the legal profession. Twelve lawyers from different practice areas with a variety of experiences from various parts of Idaho comprise the class. Participants will enjoy an interactive leadership training program designed specifically for lawyers. The Academy will include five sessions from September 27, 2013 – April 25, 2014 with a graduation ceremony following the completion of the program. For more information please contact Mahmood Sheikh, Deputy Executive Director, at (208) 334-4500.

The 2013 - 14 IALL Class

Richard S. Bower

*Belnap Stewart Taylor & Morris,
PLLC 4th District*

Maureen Ryan Braley

*Idaho State Bar
4th District*

Amanda A. Breen

*Amanda Breen Law
5th District*

Paul L. Clark

*Kirsch & Clark, PLLC
2nd District*

Lynnette M. Davis

*Hawley Troxell Ennis & Hawley, LLP
4th District*

Mischelle R. Fulgham

*Lukins & Annis, PS
1st District*

D. Michelle Gustavson

*J. R. Simplot Company
4th District*

Taylor L. Mossman-Fletcher

*Mossman Law Office, LLP
4th District*

Alison M. Nelson

*Husch Blackwell LLP
4th District*

Brooke A. O'Neil

*Finch O'Neil Law Office, PA
4th District*

Tyler S. Rounds

*Lovan Roker & Rounds, PC
3rd District*

Stephen A. Stokes

*Huneycutt Smith & Stokes
5th District*



2013 Resolution Process — Rule Changes

Diane K. Minnich
Executive Director, Idaho State Bar

This year's resolution process will include proposed changes to the Idaho Rules of Professional Conduct and at least five resolutions that propose changes to the Idaho Bar Commission Rules.

A few years ago no resolutions were submitted; at the local resolution meetings we presented only awards. This year, there will be at least eight resolutions for the membership to consider.



I want to provide a brief preview of the proposed rule changes that will be presented to the voting membership this year. The full text of the proposed rules will be posted on the ISB website in early October.

Idaho Rules of Professional Conduct - In 2009 the American Bar Association ("ABA") created the Commission on Ethics 20/20 ("the Commission") to address the ethical and regulatory challenges and opportunities related to technology and globalization, which have transformed the practice of law.

The Professionalism and Ethics Section presented the proposed rule changes to the Board of Commissioners, who agreed to sponsor a resolution proposing the changes to the IRPC.

ducting a plenary assessment of the ABA Model Rules of Professional Conduct ("MRPC") and was directed to follow these principles: 1) protecting the public; 2) preserving the core professional values of the American legal profession; and 3) maintaining a strong, independent, and self-regulated profession.

The ABA House of Delegates considered the Commission's proposals and voted to adopt them. The MRPC that were amended are 1.0 (Terminology), 1.1 (Competence), 1.4 (Communication), 1.6 (Confidentiality), 1.17 (Sale of Law Practice), 1.18 (Duties to Prospective Client), 4.4 (Respect for Rights of Third Persons), 5.3 (Responsibilities Regarding Nonlawyer Assistants), 5.5 (Unauthorized Practice of Law), 7.1 (Communications Concerning a Lawyer's Services), 7.2 (Advertising), 7.3 (Direct Contact with Prospective Clients), and 8.5 (Disciplinary Authority; Choice of Law). The changes reflect the full range of ways in which lawyers use technology to communicate with their clients and other lawyers.

The Professionalism and Ethics Section presented the proposed rule changes to the Board of Commissioners, who agreed to sponsor a resolution proposing the changes to the IRPC. The P&E Section decided not to present the ABA's amendments to MRPC 5.5 because MRPC 5.5 and IRPC 5.5 differ and the ABA's proposed changes address foreign lawyers practicing in Idaho, which is already addressed in Idaho Bar Commission Rule 207 - Foreign Legal Consultants.

In addition to the MRPC amendments to Rule 1.18 (Duties to Prospective Client), the P&E Section also voted to amend IRPC 1.18 by adding subpart (d)(2) from the MRPC and revising the corresponding comments. That amendment will permit screening, under specified conditions, of disqualified lawyers in prospective client situations. That will be consistent with the ability of lawyers who change jobs to be screened under IRPC 1.10.

Amendments to IBCR Section II Admissions - Fees for Admission to the Idaho State Bar – The proposed amendments to IBCR 203 increase the student, attorney and late application fees for the Idaho bar examination, the reciprocal admission application and house counsel license application fees. The current fees have not been increased in seven to 12 years, depending on the fee.

Amendments to IBCR Section II Admissions – Legal Intern Rules – The proposed amendments focus on the scope of the legal intern’s limited practice and supervising attorney’s qualifications and duties.

Amendments to IBCR Section IV Mandatory Continuing Legal Education/Practical Skills Seminar – The proposed amendments to the MCLE rules retain the general 30 credit requirement for each three-year reporting period. The proposal includes an increase of one ethics credit, to a total of three ethics credits every three years; recommends credit for legal writing; and would allow attorneys licensed in another state to only comply with the MCLE requirements in the state in which they have their principal office to practice law. The proposal also updates, clarifies and consolidates the MCLE rules governing the credit and course approval process.

In addition, the proposed rules recommend changing the CLE

The proposed amendments seek to clarify the procedures followed by the Client Assistance Fund Committee in evaluating and deciding claims,



credit requirements for new members of the bar. The Practical Skills Seminar would be replaced with the New Attorney program for new Idaho attorneys who have practiced law for less than three years. All newly admitted attorneys would be required to obtain 10 CLE credits within one year of admission, including courses on Idaho ethics, civil and criminal procedure and community property.

Amendments to IBCR Section VI Client Assistance Fund – The Client Assistance Fund rules became effective in 1986 and have not been significantly revised or updated since that time. The proposed amendments seek to clarify the procedures followed by the Client Assistance Fund Committee in evaluating and deciding claims, add certain new procedures to assist the Committee in the administration of its duties, and update the means by which the Committee and parties communicate through the use of current tech-

nology. The proposed amendments also increase the maximum dollar limit of the Client Assistance Fund, which is funded by the \$20 annual assessment of lawyers during licensing, from \$750,000 to \$1,000,000, and increase the claim limit amount which a claimant may recover from the Fund for a loss caused by the dishonest conduct of a lawyer from \$20,000 to \$25,000.

IBCR Section IX General Rules – Electronic Voting – Since these rules became effective in 1986, there have been amendments but not an extensive review of the rules. The proposed amendments clean up definitions in the rules, clarify, and update the rules. The amendments also propose that electronic voting would be an option for the Board of Commissioners election.

If you have questions about the proposed rules or resolution process, please contact me at dminnich@isb.idaho.gov or 208-334-4500.

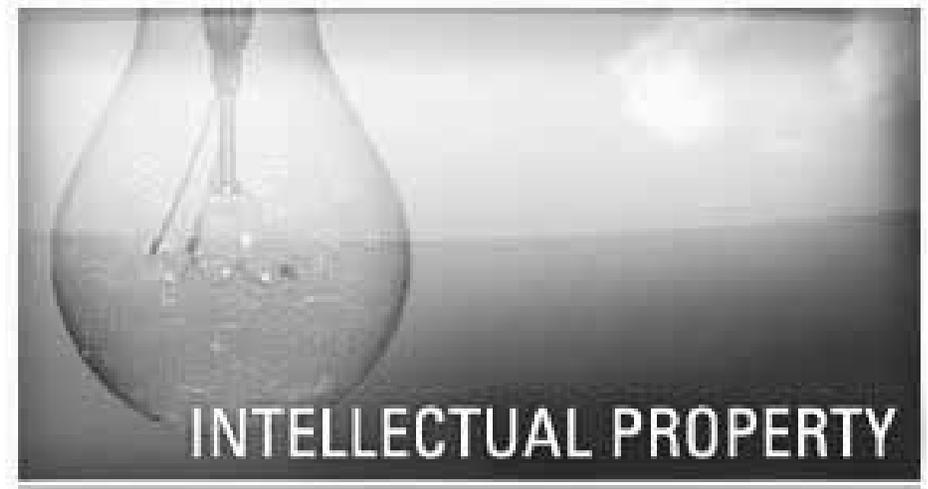
2013 District Bar Association Resolution Meetings		
District	Date/Time	City
First Judicial District	Monday, November 4 at Noon	Coeur d’Alene
Second Judicial District	Monday, November 4 at 6 p.m.	Lewiston
Third Judicial District	Thursday, November 14 at 6 p.m.	Nampa
Fourth Judicial District	Thursday, November 14 at Noon	Boise
Fifth Judicial District	Wednesday, November 13 at 6 p.m.	Twin Falls
Sixth Judicial District	Wednesday, November 13 at Noon	Pocatello
Seventh Judicial District	Tuesday, November 12 at Noon	Idaho Falls

World of Intellectual Property Changes Quickly

Dana M. Herberholz

Welcome to the Intellectual Property Law Section-sponsored issue of *The Advocate*. This year has been another busy one in the intellectual property community. On the heels of last year's \$1 billion jury verdict in *Apple v. Samsung*, the "smartphone wars" continue to make headlines as companies increasingly turn to their patent portfolios to vie for market position. The United States Supreme Court had its say in a number of high-profile intellectual property cases this year. In one such case, the Court held that human genes are not patentable, and in a closely watched case involving Monsanto Company, unanimously held that a farmer who purchased patented seeds may not reproduce the seeds and use them in a second planting without the patent owner's permission. The Supreme Court also issued a landmark opinion in a copyright infringement case, holding that U.S. copyright owners may not stop the importation and resale of copyrighted content lawfully sold abroad.

In this issue, our authors address recent developments in the rapidly changing laws governing intellectual property, including patents, trade dress, and copyright. Chris Cuneo leads off by discussing the hot-topic issue of patent-eligible subject matter in his article, *Does Not Compute: Is Software Patentable Anymore?*. In *Score One for Competition: A Look at the Rational Limits of Trade Dress Protection for Unregistered Product Designs*, Kennedy Luvai provides a suc-



cinct and informative overview of trade dress law and the limitations to enforcing unregistered product design trade dress. Finally, in her article, *Has the Transformative Use Test Swung the Pendulum Too Far in Favor of Secondary Users?*, Jennifer Pitino discusses the origins of the transformative use test applied in copyright infringement cases and addresses the implications of the test's growing popularity.

The Intellectual Property Law Section invites you to attend our CLE programs and business meetings. The Section holds a brief business meeting in alternating months and concludes the meeting with a 30-minute CLE geared toward intellectual property law practitioners. The Intellectual Property Law Section is committed to improving our educational outreach efforts and welcomes your feedback in that regard. This year, and for the third consecutive year, the Section will award a scholarship to a qualified Idaho law student with a demonstrated interest and commitment to intellectual property law. In recent years, the Section has also furnished

The Court held that human genes are not patentable, and in a closely watched case involving Monsanto Company, unanimously held that a farmer who purchased patented seeds may not reproduce the seeds and use them in a second planting without the patent owner's permission.

the Idaho State Law Library with a comprehensive patent law treatise and co-sponsored a major CLE in Sun Valley.

If you are interested in joining the Intellectual Property Law Section, I invite to you stop by a Section

meeting or contact me or another Section Officer. For more information about the Intellectual Property Law Section, please visit our website at http://isb.idaho.gov/member_services/sections/ipl/ipl.html. We hope you enjoy this issue of *The Advocate*.

About the Author

Dana M. Herberholz is a registered patent attorney at Parsons Behle & Latimer whose practice emphasizes intellectual property matters and litigation, with particular emphasis on patent litigation. Mr. Herberholz has participated in the representation of national and international companies in patent cases across the United States. His experience includes litigation concerning diverse technologies including flat panel displays, digital projectors, wireless communication technology, laboratory equipment, and electronic vehicle braking systems. Mr. Herberholz is licensed to practice in the states of Idaho and Washington.

Mr. Herberholz is the founder and author of the Northwest Patent Litigation Blog, which provides updates and



commentary concerning patent litigation matters in the Pacific Northwest. He is a member of Parsons Behle & Latimer's Litigation and Intellectual Property practice groups.



If you are interested in joining the Intellectual Property Law Section, I invite you to stop by a Section meeting or contact me or another Section Officer.

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Has the Transformative Use Test Swung the Pendulum Too Far in Favor of Secondary Users?

Jennifer Pitino

For many years courts greatly favored the exclusive rights of copyright holders when considering fair use. The transformative use test, which gained favor with the courts starting in the mid-1990s, corrected and supplanted the legal trend that strongly gravitated towards protecting copyright holders' exclusive rights and potential market interest. In essence, under the transformative use test, an existing work may serve as raw material from which a secondary user transforms the original into a new work.

Any fan of modern music will understand the significance of this based on the controversial prevalence of sampling older tracks of music to make current popular music.

Today, the predominantly accepted transformative use test heavily favors secondary users at the expense of copyright holders, discounting the fourth fair use factor, which considers the harm to the original material's potential markets. This article discusses the historical background of the transformative use test and considers the greater implications of its rapid expansion.

Copyright and fair use doctrine history

Copyright law provides authors exclusive, though not absolute, rights in their works.¹ The fair use doctrine provides a counter-balance to the author's rights by allowing for certain unauthorized secondary uses of protected materials. Copyright protection of authors' exclusive rights incentivizes individuals to invest time and energy into creat-

Copyright law provides authors exclusive, though not absolute, rights in their works.¹ The fair use doctrine provides a counter-balance to the author's rights by allowing for certain unauthorized secondary uses of protected materials.

ing new works under the assurance that they will be able to enjoy recognition and economic reward for their efforts.² The fair use doctrine also fosters the growth of creativity by providing society and subsequent would-be authors' access to protected works. The fair use exceptions, which run counter to the interest of exclusive rights, are limited to certain enumerated purposes: criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, and research. However, other uses may also be fair use under the test found in section 107 of the Copyright Act, which considers four factors:

1. The purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
2. The nature of the copyrighted work;
3. The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
4. The effect of the use upon the potential market for or value of the copyrighted work.

These four factors of the fair use doctrine are rooted in historical legal precedent. In *Folsom v. Marsh*, Jus-

tice Story considered whether Reverend Charles Upham had infringed the copyright of Mr. Jared Sparks.³ Sparks authored a 12-volume set of the writings of George Washington, which consisted of correspondence, addresses, messages and other papers of the former president. Upham authored a biography of George Washington using numerous letters and writings found in Sparks' volumes, arranged in a manner to tell Washington's life story.⁴ Justice Story opined that:

the question of piracy, often depend upon a nice balance of the comparative use made in one of the materials of the other; the nature, extent, and value of the materials thus used; the objects of each work; and the degree to which each writer may be fairly presumed to have resorted to the same common diligence in the selection and arrangement of the materials. ... On the other hand, it is as clear, that if he thus cites the most important parts of the work, with a view, not to criticise, but to supersede the use of the original work, and substitute the review for it, such a use will be deemed piracy.

Ultimately, Justice Story concluded that Upham's work violated Sparks' copyright. Justice Story's fair use considerations found within the *Folsom v. Marsh* case would be codified into the four-part test set forth by section 107 of the Copyright Act of 1976.

Market-centered fair use rulings

The adoption of the Copyright Act of 1976 was followed by two decades of court rulings that favored the interests of copyright holders. This period of judicial history has been referred to as the "market-centered" paradigm.⁵ Under the market-centered paradigm, courts viewed fair use as an anomalous exception to the copyright owner's exclusive rights.⁶ The market-centered perspective concluded that fair use was only available when a reasonable copyright owner would have consented to the secondary use but for the prohibitively high costs of negotiating for such a license.⁷

Sony v. Universal and *Harper & Row v. Nation* are both illustrative of this approach.⁸ In *Sony*, the United States Supreme Court concluded that individuals recording television programs for later viewing were protected as non-commercial fair use.⁹ However, the Court tangentially noted that when a secondary use is commercial in nature, there would arise a presumption of harm to the copyright owner's market under the fourth fair use factor.¹⁰ A year later, in *Harper & Row*, the Court reiterated that "[t]he fact that a publication was commercial as opposed to non-profit is a separate factor that tends to weigh against a finding of fair use."¹¹ Moreover, the *Harper & Row* Court announced that the fourth factor, which considers the harm to potential markets, was "undoubtedly the single most important" of all the fair use factors.¹²

In his article, he condemned what he perceived as the ad hoc nature of fair use rulings, which were not being based on consistent principles and application, but rather upon intuitive reactions to individual fact patterns.¹⁷

In the 1990's, this market-centered approach favoring the exclusive rights of copyright holders would end as courts shifted to a new approach, transformative use. The transformative use test is predominantly employed by courts today.

Birthplace of the transformative use test

Judge Pierre Leval created the transformative use test in a 1990 Harvard Law Review article.¹³ The genesis of this proposed test arose from two cases which Judge Leval presided over in the 1980s. Both cases dealt with the issue of unauthorized use of unpublished letters and journals of two famous authors, J.D. Salinger and L. Ron Hubbard.¹⁴ These two cases became important because ultimately they created a *per se* rule that fair use is not a defense when the original material in question is unpublished. These cases are also significant because Judge Leval's decisions were met with forceful disagreement on appeal.¹⁵

Underscoring his support for the transformative use test, Judge Leval opposed the market-centered paradigm regarding fair use. He criticized that courts were, "...more responsive to the concerns of private property than to the objectives

of copyright."¹⁶ In his article, he condemned what he perceived as the *ad hoc* nature of fair use rulings, which were not being based on consistent principles and application, but rather upon intuitive reactions to individual fact patterns.¹⁷ He contended that it was the shortcomings of the four-factor fair use test that were to blame for inconsistent court rulings. Judge Leval argued that the four-factors were insufficient to provide courts with enough guidance to make well-reasoned determinations on whether a secondary use of copyrighted material was fair use or infringement.¹⁸

Judge Leval posited that a better approach to the fair use doctrine would be mindful of the broader, utilitarian purpose of the Copyright Act, which was the "stimulation of creative thought and authorship for the benefit of society."¹⁹

Thus, he urged courts to regard fair use not as an exception to copyright, but rather an integral part of the overall design and purpose of copyright law.²⁰ To that end, Judge Leval put forth the idea of transformative use regarding secondary uses. He defined a secondary use to be "transformative" of the original work if that new use, "adds value to the original ... [or if the original work] is used as raw material, transformed in the creation of new information, new aesthetics, new insights,

and new understandings.”²¹ A transformative use, he contended, would be fair use, in comparison to a secondary use that “merely repackages or republishes the original ... [and] would merely ‘supersede the objects’ of the original.”²² Targeting the first factor of the statutory fair use test, which considers the “purpose and character” of a secondary use, Judge Leval argued courts should find secondary uses transformative if they are “productive and ... [employ] the quoted material in a different manner or for a different purpose from the original.”²³

While the concept of the “transformative use” may have first arisen in Judge Leval’s article, the theory would not be put into action until 1994 when the United States Supreme Court discussed transformative use in dicta in *Campbell v. Acuff-Rose*.²⁴ *Campbell v. Acuff-Rose* involved 2 Live Crew’s rendition of Roy Orbison’s song “Oh, Pretty Woman.” The District Court granted summary judgment in favor of 2 Live Crew, concluding that their rendition of the song to be a parody of the original work and therefore fair use. The Court of Appeals reversed summary judgment finding that the rendition resulted in unfair infringement based on the commercial nature of the subsequent use. The Supreme Court agreed with the District Court that the secondary use constituted a parody of the original. As part of its analysis, the Supreme Court employed Judge Leval’s transformative use test in part in its reasoning. Justice David Souter wrote:

Under the first of the four §107 factors, ‘the purpose and character of the use, including whether such use is of a commercial nature...,’ the enquiry focuses on whether the new work merely supersedes the objects of the original creation, or whether and to what extent

it is ‘transformative,’ altering the original with new expression, meaning, or message. The more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.²⁵

The progeny of *Campbell v. Acuff-Rose* have adopted the concept of transformative use. The transformative use test has become the prevailing fair use consideration utilized by courts. The *Campbell v. Acuff-Rose* case is also commonly viewed as a mid-course correction to the market-centered trend that was predominantly followed prior to this ruling.

Growth of transformative use

In the 19 years following *Campbell v. Acuff-Rose*, there has been a marked increase in courts finding that secondary use is fair use. The following chart details the statistical trends surrounding the transformative use doctrine in unreversed district court preliminary injunctions, bench trials and cross motions for summary judgment.²⁶

This chart reveals two trends worth considering. First, the transformative use test is almost universally applied by courts when determining issues concerning fair use today. As shown through the statistical data, over 95% of courts are now

Targeting the first factor of the statutory fair use test, which considers the “purpose and character” of a secondary use, Judge Leval argued courts should find secondary uses transformative if they are “productive and ... [employ] the quoted material in a different manner or for a different purpose from the original.”²³

considering the issue of “transformativeness” in cases involving secondary uses. This is a significant statistic considering the transformative use test was not used by any courts prior to 1994, which marked the turning point away from the market-centered paradigm.

The second and more concerning trend revealed by the data is the apparent weight courts are placing on transformative use and the first

	1995 – 2000	2001 – 2005	2006 – 2010
The Court considers the transformativeness of a secondary use	70.45%	77.27%	95.83%
The Court finds that the secondary use is transformative	22.72%	31.81%	50.00%
The Defendant wins when the Court considers the issues of transformativeness	32.14%	47.06%	60.87%
The Defendant wins when the Court finds that the secondary use is transformative	88.89%	100%	100%
Overall the Defendant Wins	22.73%	40.91%	58.33%

Lewis & Clark Law Review

factor of the fair use test to the discount of the remaining three factors. There is an exponential increase between 1995 and 2010 in the percentage of rulings in which courts find the secondary use transformative and thus fair use. According to the data, courts today are virtually ruling 100% of the time that a transformative use is a fair use. This has in essence created a *per se* rule that transformative use is fair use.

These two trends should cause the legal community some concern. As the courts have primarily focused on transformative use in their fair use analyses, it has resulted in a significant change in the frequency that secondary uses prevail over copyright holders' exclusive rights. The percentage of cases in which the secondary use is deemed fair use has more than doubled over the past 19 years under the ascendancy of the transformative use test. The rapidly growing preference towards secondary uses to the detriment of copyright holders under this current trend is alarming.

Time for a mid-course correction to the transformative use test

Under the market-centered paradigm, courts placed considerable emphasis on the fourth factor of the fair use test and discounted the importance of the other three factors. Arguably, the weight courts placed on the fourth factor created a presumption that fair use was not a defense in cases where the secondary use was commercial and possibly harming the potential market of the original work. The *Harper & Row* Court conclusion that the fourth fair use factor is "the single most important" factor, is indicative of how far the pendulum had swung in favor of copyright holders under this paradigm.

The transformative use test was created to correct the direction that

This unbalanced approach stems from the failure of the Supreme Court in *Campbell v. Acuff-Rose* to provide sufficient guidance on how much emphasis the transformative use test should be afforded.

the courts had moved under the prevailing market-centered approach. The transformative use test accomplished this goal by deemphasizing the importance of the fourth fair use factor. However, instead of taking a balanced approach towards the issue of fair use, the courts have once again emphasized one fair use factor above all other considerations.

This unbalanced approach stems from the failure of the Supreme Court in *Campbell v. Acuff-Rose* to provide sufficient guidance on how much emphasis the transformative use test should be afforded. The Court posited that, "[a]ll [four factors] are to be explored and the results weighed together in light of the purposes of copyright."²⁷ Yet the Court also stated, "the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use."²⁸ The statistical data suggests courts employing the reasoning found in *Campbell v. Acuff-Rose* placed too much significance on transformative use over the other fair use factors.

A critical eye needs to be turned on the transformative use test and its eminence over the rest of the fair use factors. Certainly, it is questionable whether the transformative use test is being applied in a manner leading to fewer *ad hoc* decisions than before

the advent of this test. Copyright law expert David Nimmer has noted "that in the hands of some judges, transformative use has no content at all and that it is simply synonymous with a finding of fair use."²⁹ As one law review article noted, "the courts will continue to apply the label 'transformative use' as a post hoc justification 'as long as a finding of transformativeness is perceived to be necessary to avoid the presumption of market harm attaching to commercial uses.'"³⁰

The shortcomings of the transformative use test and its application is readily demonstrated in the current case law. For example, in *Bill Graham Archives v. Dorling Kindersley*, the court applied the transformative use test in a dispute over the use of poster images in a book. Bill Graham Archives owned the copyright to a handful of Grateful Dead concert posters which Kindersley unsuccessfully tried negotiating permission to use. Kindersley proceeded to use the seven poster images without permission and was subsequently sued for copyright infringement. The court ruled that defendant's use of the images in a biographical, chronological order, and in a smaller size than the original posters was a "transformative" use and thus ultimately fair use.³¹ More disturbing, however, was that at trial, Bill Graham Archives

demonstrated it had licensed its images for reproduction in other books and was willing to negotiate with Kindersley. The court found despite those facts, there was no harm to the Bill Graham Archives' potential market under the fourth factor of the fair use test.³² The court reasoned that because the use was transformative, even actual market substitution was not enough to negate fair use or even find that the fourth factor weighed in the plaintiff's favor.³³

The trend to deemphasize the fourth fair use factor is further echoed in the *Cariou v. Prince* decision. As the Second District Court of Appeals stated in *Cariou*, “[w]e have made clear that ‘our concern is not whether the secondary use suppresses or even destroys the market for the original work or its potential derivatives, but whether the secondary use *usurps* the market of the original work.’”³⁴

If the fair use pendulum had swung too far in favor of copyright holders' interests under the market-centered paradigm, then it appears that the attempt at correction has moved too far in favor of secondary users.

Conclusion

Copyright law exists to promote and foster creative growth in the sciences, arts and other creative endeavors. This goal is best attained when a fair balance has been struck between the need to protect the rights of the copyright holder while recognizing the legitimate needs of secondary users. Copyright holders should be rewarded for their efforts and protected from misuses of their works. On the other hand, secondary users create growth in industry and art – everything new is built upon that which preceded it. It is undeniably a difficult balance to find. However, strongly favoring one interest over the other upsets the equilibrium in the system and undermines the purpose of copyright law as a whole.

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The undue preference shown to copyright holders under the market-centered paradigm was injurious to secondary users and the overall goals of copyright law. However, the trend under the transformative use test unduly favors secondary users. Both of these approaches err by attributing overwhelming importance to one of the four fair use factors over the remaining three, resulting in one group being unduly favored above the other.

If the transformative use trend continues on its present trajectory, then virtually all secondary uses will be deemed “transformative” and found to be fair use eviscerating many copyright holders' legitimate interest to control derivative works. The courts must be mindful that the transformative use doctrine is prone to abuse and must continue to work toward a balance between the rights associated with authorship against legitimate secondary uses.

Endnotes

1. U.S. Constitution Article 1, Section 8, Clause 8: “Patents and copyrights. To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”
2. 17 U.S.C. §§ 106 and 106A
3. 9 F.Cas. 342 (Cir.Ct.Mass. 1841),
4. *Folsom v. Marsh*, 9 F.Cas. 342, 345-46 (Cir.Ct.Mass. 1841).

5. *Making Sense of Fair Use*, 15 Lewis & Clark L. Rev. at 734

6. *Id.*

7. *Id.* at 735

8. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984); *Harper&Row, Publishers, Inc. v. Nation Enter.*, 471 U.S. 539 (1985)

9. *Sony*, 464 U.S. at 454-55

10. *Id.* at 454-55

11. *Harper*, 471 U.S. at 562

12. *Id.* at 566

13. Pierre N. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105 (1990)

14. *Salinger v. Random House Inc.*, 650 F.Supp. 413 (1986); *New Era v. Holt & Co. Inc.*, 695 F.Supp. 1493 (1988); See also Mark Meyer, Copyright: How did transformative use become fair use?, <http://www.photo-mark.com/notes/2013/jul/08/how-did-transformative-use-become-fair/>

15. Mark Meyer, Copyright: How did transformative use become fair use?, <http://www.photo-mark.com/notes/2013/jul/08/how-did-transformative-use-become-fair/>

16. *Toward a Fair Use Standard*, 103 Harv. L. Rev. at 1107

17. *Id.* at 1108-10

18. *Id.* at 1110 ; See also, Andrew Stroud, *The Confusing Transformation of Copyright Laws*, pg. 1 (CA. State Bar 37th Annual Intellectual Property Institute) (2012)

19. *Toward a Fair Use Standard*, 103 Harv. L. Rev. at 1136

20. *Id.* at 1110

21. *Id.* at 1112

22. *Id.*

23. *Id.* at 1111

24. *Campbell v. Acuff-Rose Music, Inc.*,

510 U.S. 569 (1994); See also, Andrew Stroud, *The Confusing Transformation of Copyright Laws*, pg. 2 (CA. State Bar 37th Annual Intellectual Property Institute) (2012)

25. *Campbell*, 510 U.S. at 569; See also Mark Meyer, *Copyright: How did transformative use become fair use?*, <http://www.photo-mark.com/notes/2013/jul/08/how-did-transformative-use-become-fair/>

26. *Making Sense of Fair Use*, 15 Lewis & Clark L. Rev. at 755; See also, Andrew Stroud "Not so simple: transformative (mis)use in copyright law," Presentation at CA. State Bar 37th Annual Intellectual Property Institute (Nov. 10, 2012)

27. *Campbell*, 510 U.S. at 578

28. *Id.* at 579

29. *Making Sense of Fair Use*, 15 Lewis & Clark L. Rev. at 741-42 (quoting Matthew Sag, *Fairly Useful: An Empirical Study of Copyright's Fair Use Doctrine*, n.13 (March 15, 2011) (unpublished manuscript), available at <http://ssrn.com/abstract=1769130>)

30. *Making Sense of Fair Use*, 15 Lewis & Clark L. Rev. at 742 (quoting Matthew Sag, *Fairly Useful: An Empirical Study*

of Copyright's Fair Use Doctrine, n.13 (March 15, 2011) (unpublished manuscript), available at <http://ssrn.com/abstract=1769130>)

31. *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608-12 (2nd Cir.Ct. 2006)

32. *Id.* at 614-15

33. *Id.* at 613-15 ("Here...we hold that [Kindersley's] use of [Bill Graham Archive's] images is transformatively different from their original expressive purpose. In a case such as this, a copyright holder cannot prevent others from entering fair use markets merely 'by developing or licensing a market for parody, news reporting, educational or other transformative uses of its own creative work.'"); See also, *Making Sense of Fair Use*, 15 Lewis & Clark L. Rev. at 760-61

34. *Cariou v. Prince*, 714 F.3d 694,708 (2nd Cir.Ct. 2013) (quoting *Blanch v. Koons*, 467 F.3d 244, 258 (2nd Cir.Ct. 2006))

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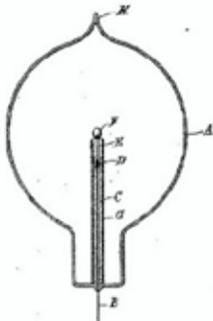
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"I do not think there is any thrill that can go through the human heart like that felt by the inventor as he sees some creation of the brain unfolding to success... Such emotions make a man forget food, sleep, friends, love, everything." – Nikola Tesla

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Score One for Competition: A Look at the Rational Limits of Trade Dress Protection for Unregistered Product Designs

Kennedy K. Luvai

Across a wide range of industries, companies weary of increased competition occasioned by the entry of new players or products in the marketplace have been, in many instances, too quick to resort to trade dress law for protection of their product designs. Understandably, companies will take advantage of all available legal means to recoup and protect their investments. However, trade dress protection is hardly a panacea, especially with regard to trade dress in product design that is not registered with the U.S. Patent and Trademark Office.

Traditionally, trade dress was limited to the overall appearance of packaging, labels, wrappers and containers of products — the “dress” of the product. Over time, however, that traditional concept was expanded to encompass combinations of elements by which a product or service is presented to the consumer. Examples include a magazine cover¹ or the distinctive décor of a restaurant.² Expanding ever wider in scope, trade dress protection attained its high water mark in the 1980s, when the shape, design or configuration of a tangible product were deemed protectable as trade dress thus constituting a third type of trade dress - product design trade dress.

The excesses of companies asserting unregistered product design trade dress claims for potentially anti-competitive reasons prompted the courts, including the United States Supreme Court,³ to take an increasingly dim view of such claims. Consequently, the courts closely scrutinize trade dress claims involving

A company seeking to exclude others from otherwise competitive markets on the basis of a trade dress claim must make a clear showing of both validity and infringement in order to prevail at trial.

unregistered trade dress, resulting in an increase in the cost and complexity of prosecuting such claims. Therefore, while trade dress protection is broad on paper, proving validity and infringement of product design trade dress in litigation can be daunting.

This article focuses on the subset of trade dress protection comprising unregistered product design trade dress and first seeks to place trade dress in context by highlighting its purposes before briefly touching on the legal framework for trade dress protection as provided for under the Lanham Act.⁴ The article thereafter delves into the often unappreciated practical limitations to the enforcement of unregistered product design trade dress claims.

Trade dress in context

The emphasis and reach of trade dress is markedly broader than the more common trademarks in discrete symbols or words. The focus of a trademark infringement claim is whether a defendant’s mark is likely to cause confusion with regard to a discrete protected mark. On the other hand, trade dress protection

for product designs generally focuses on whether an accused product is likely to cause confusion when compared to the *total* image and presentation of a protectable product. The trade dress claimant defines its trade dress — a definition that may encompass all or a subset of the features of the product, its presentation and/or its packaging.

That said, the potentially broad and perpetual period of exclusivity of trade dress protection must be viewed in light of and weighed against a strong federal policy in favor of vigorously competitive markets.⁵ Indeed, legally protected zones of exclusivity are exceptions to the general rule that free competition and lawful copying are as permissible as they are laudable. Therefore, a company seeking to exclude others from otherwise competitive markets on the basis of a trade dress claim must make a clear showing of both validity and infringement in order to prevail at trial. This is particularly true of claims involving unregistered product design trade dress.

Further, unlike patent law or copyright law, the Lanham Act (from which trade dress protection

flows) does not exist to protect innovation or original expression, respectively. Rather, the Lanham Act seeks to create a level competitive playing field by providing market participants with remedies when activities of competitors in the market create a likelihood of confusion as to source, affiliation, sponsorship or approval of the competitors' goods or services. The mere fact that a product design is or was "one of a kind," "cool," "unique" and/or "innovative" does not necessarily provide a defensible basis for trade dress protection.

Protection for product design trade dress under the Lanham Act

Registration under Section 32

Product design trade dress is registrable as a trademark with the U.S. Patent and Trademark Office. However, to be so registered, the claimed product design trade dress must (a) have acquired distinctiveness through secondary meaning and (b) not be functional.⁶ Notably, the trade dress elements must be capable of being listed and defined so as to put the general public on notice as to the metes and bounds of the claimed proprietary trade dress.⁷ Further, Section 32 of the Lanham Act creates a federal cause of action for infringement of a registered trade dress.⁸

Examples of product design trade dress which have been found to be registrable as trademarks include the design of a Moen faucet,⁹ the design of a grill for General Motors' Hummer vehicles,¹⁰ the shape of an Ibanez guitar head,¹¹ the shape of a Les Paul guitar body,¹² and the shape of "Lifesavers" candy.¹³

Enforcement under Section 43(a) for Unregistered Trade Dress

Section 43(a) of the Lanham Act prohibits use of any "word, term,

In 2000, the Supreme Court in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*²³ acted to discourage product design trade dress litigation as part of an apparent conscious effort to restore a healthy competitive balance between established market players and new entrants.



name, symbol, or device, or any combination thereof, of any false designation of origin" which is "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of . . . or as to the origin, sponsorship, or approval" of one's product with the product of another.¹⁴ In a subsequent amendment, Congress placed the burden of proving non-functionality on parties seeking to enforce unregistered trade dress.¹⁵

The Supreme Court has interpreted Section 43(a) "as having created a federal cause of action for infringement of an *unregistered* trademark or trade dress and . . . that such a mark or trade dress should receive essentially the same protection as those that are registered."¹⁶ The Supreme Court has also judicially imposed a requirement that one show inherent or acquired distinctiveness in order to prevail on a Section 43(a) claim. This is a pro-competitive limitation based on the premise that there can be no likelihood of "confusion" as to origin, sponsorship or approval of an accused product unless the claimed trade dress is distinctive.¹⁷

Examples of unregistered product design trade dress found to be protectable under Section 43(a) include the shape of certain Ferrari au-

tomobile models,¹⁸ the appearance of certain Cartier luxury watches,¹⁹ the design of jewelry modeled after a flower,²⁰ and the appearance of a casino table for poker.²¹

Practical limitations to enforcement of unregistered product design trade dress

As a general proposition, in order to prevail on a claim for unregistered product design trade dress, the plaintiff must prove that (i) the trade dress has acquired distinctiveness through secondary meaning; (ii) the trade dress is non-functional; and (iii) there is a likelihood that the public will be confused as to the source of the accused product.²²

Secondary Meaning

In 2000, the Supreme Court in *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*²³ acted to discourage product design trade dress litigation as part of an apparent conscious effort to restore a healthy competitive balance between established market players and new entrants. The Supreme Court held that a product's configuration or design can never be found to be inherently distinctive as a matter of law.²⁴ Therefore, in order to prevail, the enforcing party bears the burden of proving that the product

design has acquired distinctiveness upon a showing of secondary meaning.

Trade dress acquires secondary meaning when “in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.”²⁵ This bright-line rule was informed by the Supreme Court’s view that “consumer predisposition to equate the feature[s] with the source does not exist” when dealing with product designs.²⁶ Speaking for a unanimous court, Justice Scalia wrote that consumers invariably view even “unusual product designs” — such as a cocktail shaker shaped like a penguin — as something other than a source identifier.²⁷

Further, the Supreme Court held that where a trade dress falls in the gray area between product packaging (which can be inherently distinctive) and product design (which cannot be inherently distinctive), trial courts are to “err on the side of caution” and classify the trade dress as product design trade dress.²⁸

Consequentially, it has become increasingly expensive and risky for plaintiffs to prosecute unregistered product design trade dress claims. Even where it appears that the plaintiff’s product is, at first blush, “distinctive,” the plaintiff still bears the burden of establishing that consumers associate the product design itself with a single source. Making such a showing is no insignificant task. Generally, secondary meaning can be established by *direct evidence* (for example, direct consumer testimony from unaffiliated sources and credible consumer surveys) which is normally difficult to muster or *indirect evidence* (for example, length of exclusive use, manner and effectiveness of advertising, sales, proof of

Trade dress acquires secondary meaning when “in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.”²⁵

intentional copying) that tends to have a comparatively lower probative value.²⁹

The relevant inquiry is whether the product’s shape, design, configuration or other relevant features — apart from any word or symbol trademarks — signifies a single product source.³⁰ In other words, the key issue is whether the product design or configuration trade dress creates a commercial impression as a signifier of source, without regard to any labeling appearing on the product. Consequently, at least one court has observed that it generally takes longer for product configuration trade dress to acquire secondary meaning, if at all, as compared to other forms of trade dress.³¹

Functionality

The non-functionality requirement is based on the theory that there is a fundamental right to compete through imitation of a competitor’s product, which can only be temporarily denied by some other well-defined proprietary right, here, patent law.³² When the features to be protected are primarily utilitarian, trade dress protection cannot be used to protect the design from competition.³³

Several factors guide the decision whether a product feature is functional, including: (1) whether the design yields a utilitarian advantage; (2) whether alternative designs are available; (3) whether the advertising touts the utilitarian advantages of the product; and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.³⁴ The crux is not whether the individual elements are functional but whether the whole collection of elements taken together is functional. However, “where the whole is nothing other than assemblage of functional parts, and where even the arrangement and combination of the parts is designed to result in superior performance, there is no basis to conclude the trade dress as a whole is non-functional.”³⁵

A plaintiff’s burden in establishing non-functionality, is particularly acute in product design cases. Though certainly not impossible, plaintiffs face an uphill task showing that the shapes, designs or configurations to be protected were not dictated by functional considerations. Given the comparatively greater level of scrutiny, plaintiffs risk having

their product designs being deemed inherently functional in spite of any spirited arguments to the contrary. In the end, conclusory or questionable assertions that the design features at issue yield no particular utilitarian advantage are likely to be found unhelpful.

Likelihood of Confusion

Even if a plaintiff beats the odds and proves both secondary meaning and non-functionality of its unregistered product design trade dress, the statutorily dispositive issue of confusion remains lurking. While appellate courts employ variations to a well-settled multi-factor test in evaluating likelihood (and not mere possibility) of confusion,³⁶ the overriding consideration is “whether there is a likelihood of confusion resulting from the *total effect* of the defendant’s *product and package* on the eye and mind of an *ordinary purchaser*.”³⁷

Therefore, even in instances where the effect of the plaintiff’s product and the accused product has the prospect of giving rise to some level of confusion, the defendant may, in large measure, protect himself against liability by packaging, labeling and/or advertising the accused product in a way that clearly identifies the defendant as the sole source in the mind of ordinary consumers. Trial courts have found likelihood of confusion analyses predicated upon “naked” comparisons, *i.e.* comparing the plaintiff’s and the defendant’s products without regard to their respective presentations to the general consuming public, to be unpersuasive.

Consequently, and as a practical matter, not only does the plaintiff have to show similarities in appearance between the products themselves but must also establish similarities in how the products are

Not only does the plaintiff have to show similarities in appearance between the products themselves but must also establish similarities in how the products are presented in the marketplace.

presented in the marketplace. This is hardly a novel concept given that the evaluation of likelihood of confusion in the traditional trademark sense generally involves consideration of the marks at issue in their entirety and as they appear in the marketplace.³⁸ However, consideration of unregistered product design trade dress as presented in the marketplace has the added effect of blurring the line between product design and product packaging trade dress, thus complicating matters to the plaintiff’s detriment.

Conclusion

That Section 43(a) of the Lanham Act does provide an avenue for enforcement of unregistered product design trade dress rights is well settled. There are speed bumps, however, given Congressional action and appellate decisions that have, over time, sought to strike an appropriate competitive balance between established market players and upstarts, a balance that has been incrementally achieved through practical limitations that have individually and collectively served to discourage trade dress cases involving unregistered product designs. Accordingly, the

days when unregistered product design trade dress claims were “catch-all” claims to be asserted when other options fail, to the extent they really existed, are a thing of the past.

Endnotes

1. See *e.g. Reader’s Digest Ass’n v. Conservative Digest*, 821 F.2d 800 (D.C. Cir. 1987).
2. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).
3. See *e.g. Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 529 U.S. 205 (2000).
4. 15 U.S.C. § 1051, *et. seq.*
5. See *e.g. Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 379 (2d Cir. 1997).
6. See *e.g. U.S. Patent and Trademark Office, Trademark Manual of Examining Procedure*, § 1202.02 (April 2013).
7. 1 J. McCarthy, *Trademarks and Unfair Competition*, § 8:7 at 8-42 (4th ed. 2013).
8. 15 U.S.C. § 1114(1).
9. *Kohler Co. v. Moen Inc.*, 12 F.3d 632 (7th Cir. 1993).
10. Trademark Reg. No. 1,959,544
11. *Yamaha Int’l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572 (Fed. Cir. 1988).
12. *Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP*, 423 F.3d 539 (6th Cir. 2005).
13. *Nabisco Brands, Inc. v. Conusa Corp.*, 722 F.Supp. 1287 (M.D.N.C. 1989).
14. 15 U.S.C. § 1125(a).

15. Trademark Amendment Act of 1999, Pub. L. No. 106-43, § 5, 113 Stat. 218, 219, (codified as amended at 15 U.S.C. § 1125(a)(3)).

16. *Two Pesos*, 505 U.S. at 776 (Stevens, J. concurring) (emphasis added).

17. See e.g. Ernest Linek, *Competition Lives! Product Configuration Trade Dress Requires Secondary Meaning for Enforcement*, available at www.bannerwitcoff.com/_docs/library/articles/evlwalma.pdf (last accessed, August 13, 2013).

18. *Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts*, 739 F.Supp. 1138 (E.D.Tenn. 1990).

19. *Cartier, Inc. v. Four Star Jewelry Creations, Inc.*, 348 F.Supp.2d 217 (S.D.N.Y. 2004).

20. *Cosmos Jewelry Ltd. v. Po Sun Ho Co.*, 470 F.Supp.2d 1072 (C.D.Cal. 2006).

21. *Shuffle Master Inc v. Awada*, Case No. 2:05-cv-01112, 2006 WL 2547091 (D.Nev. Aug. 31, 2006).

22. *Stephen W. Boney, Inc. v. Boney Servs., Inc.*, 127 F.3d 821, 828 (9th Cir. 1997).

23. 529 U.S. 205 (2000).

24. 529 U.S. at 212-15.

25. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 581 n. 11 (1982).

26. 529 U.S. at 213.

27. *Id.*

28. *Id.* at 215.

29. See e.g. *Brown Jordan Int'l, Inc. v. Mind's Eye Interiors, Inc.*, 236 F.Supp.2d 1152, 1155 (D.Haw. 2002).

30. J. Handelman, *Guide to Trademark Trial and Appeal Board Practice*, § 10.11 at 10-27 (2007).

Accordingly, the days when unregistered product design trade dress claims were “catch-all” claims to be asserted when other options fail, to the extent they really existed, are a thing of the past.

31. See e.g. *Devan Designs, Inc. v. Pallister Furniture Corp.*, Case No. 2:91CV00512, 1992 WL 511694, *8 (M.D.N.C. Sept. 15, 1992).

32. See *Clamp Mfg. Co. v. Enco Mfg. Co., Inc.*, 870 F.2d 512, 515 (9th Cir. 1989) (quoting *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1336 (C.C.P.A.1982)).

33. See *Traffix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 34 (2001).

34. *Global Mfg. Group, LLC v. Gadget Universe.Com*, 417 F.Supp.2d 1161, 1168 (S.D.Cal. 2006).

35. *Apple, Inc. v. Samsung Electronics Co., Ltd.*, Case No. 11-cv-01846, 2012 WL 2571719, *3 (N.D.Cal 2012) (Citing *Leatherman Tool Grp, Inc. v. Cooper Indus., Inc.*, (199 F.3d 1009), 1013 (9th Cir. 1999)).

36. See e.g. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-54 (9th Cir. 1979).

37. *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1384 (9th Cir. 1987).

38. See *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 605-06 (9th Cir. 1987).

About the Author

Kennedy K. Luvai is a registered patent attorney at Parsons Behle & Latimer who concentrates his practice primarily on intellectual property litigation. In his litigation practice, Mr. Luvai draws upon his extensive experience representing local, regional, and national clients in actions involving copyrights, trademark and trade dress, patents, and right of publicity. He also represents clients in complex commercial litigation in both federal and state courts.



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Does Not Compute: Is Software Patentable Anymore?

Christopher Cuneo

Consider the following fictional scene: On an otherwise bright and cheery Idaho spring day, the Chief Technical Officer (CTO) and patent counsel are conversing in a conference room of a typical Idaho tech company.

CTO: “So, how’s our patent portfolio doing? As you know getting those patents was a substantial investment, but I’m glad we have our software platforms covered.”

Counsel: (nervously) “Um, yeah, about that, I’ve got some bad news.”

CTO: (alarmed) “Bad news? What happened? I thought we had covered our platforms every possible way. We patented claims on the systems, claims on the methods of operation, we even patented claims on the media the software is captured on. Don’t tell me we missed something.”

Counsel: “No we didn’t miss anything, but the patent appellate court, you know, the Court of Appeals for the Federal Circuit, they’ve just decided a case, and I’m not sure our claims are even eligible for patent protection anymore.”

[fade out]

While the scene above is fictional, the issue for Idaho tech companies is real. In *CLS Bank Int’l., et al., v. Alice Corp. Pty. LTD.*, — an *en banc*, plurality opinion, the Court of Appeals for the Federal Circuit, found claims directed to a computerized method, a computerized medium containing computer instructions, and a computerized system, all to be patent ineligible subject matter.¹ In the words of the dissent authored by Judge Moore, this case could mark “the death of hundreds of thousands

The Court of Appeals for the Federal Circuit, found claims directed to a computerized method, a computerized medium containing computer instructions, and a computerized system, all to be patent ineligible subject matter.¹

of patents, including all business method, financial system, and software patents as well as many computer implemented and telecommunications patents.”² This article will provide an overview of patent eligible subject matter, the patents at issue in the *CLS Bank* case, and the recipe for determining patent eligible subject matter.

Patent eligible subject matter

Patent eligible subject matter is governed by the provision of 35 U.S.C. § 101. The categories include any new and useful process, machine, manufacture, composition of matter, or new and useful improvements upon any of the above. While the categories are intended to be broad, three judicially created exceptions have been excluded from patent eligibility: laws of nature, natural phenomena, and abstract ideas.³ The justification is that one cannot take away from the public what was already theirs. Thus, Einstein could not patent his famous $E = mc^2$ relation between mass and energy, and one cannot patent, for example, the natural phenomena of the particular mix of minerals found in the water at Pine Flats Hot Springs, even if considerable effort went into the discovery of both.

Perhaps the less intuitive exclusion is the one for abstract ideas. Typically, that applies to “mental processes,” or algorithms, and that is where the exclusion collides with software.

Software is, of course, a series of machine-readable instructions to perform some function. An algorithm is, likewise, a series of steps to perform a calculation or implement some kind of data processing. In other words, software is inherently an algorithm or, at least, contains algorithms. The issue for patent eligibility then is whether the software is anything more than just an abstract idea or algorithm.

The Alice Corp. patents

Alice Corp., an Australian company, is the assignee of several patents relating to a computerized trading platform used for conducting financial transactions in which a third party settles obligations between a first party and a second party so as to eliminate “counterparty” or “settlement” risks.⁴ The patents included claims to three potential patent eligible categories: a process (i.e., a method for exchanging settlement obligations), a machine (i.e., a data processing system for exchanging

ing settlement obligations), and an article of manufacture (i.e., a computer readable storage medium containing instructions for exchanging settlement obligations).

Having facially cleared the eligibility requirement by presenting claims in three categories specified in the statute, the Federal Circuit's analysis focused on the exceptions to patent eligibility and, specifically, the abstract idea exception.

The plurality opinion

A panel of 10 judges heard the arguments for patent eligibility in this case. Of those 10, only five agreed that all the claims (the process, the machine, and the article of manufacture) were ineligible for patent protection.⁵ Two others agreed that the process claims were ineligible, but for reasons differing from the other five judges.⁶ The remaining three judges dissented. Judge Newman dissented primarily for policy reasons arguing that Section 101 should be broadly inclusive and that the other requirements for patentability (i.e., novelty and obviousness) should be the determinative factors.⁷ The remaining two judges⁸ would have remanded the case back to the district court for additional findings relating to the appropriate interpretation of the asserted patent claims (i.e., for a full claim construction).⁹

The lead opinion — Three factors for eligibility

Judge Lourie authored the lead opinion in which four other judges joined. In a detailed analysis of Supreme Court precedent, the lead opinion distills three factors to consider for patent eligibility. The “first foremost” factor is that a patent “should not be allowed to preempt the fundamental tools of discovery — those should re-

Prudence dictates a careful and thoughtful review of any existing patent portfolios that include potential “abstract idea” software patents.

main ‘free to all ... and reserved exclusively to none.’”¹⁰ The claims of a patent should not be “coextensive with a natural law, natural phenomenon, or abstract idea; a patent eligible claim must include one or more substantive limitations that ... add ‘significantly more’ to the basic principle, with the result that the claim covers significantly less.”¹¹

Second, “claim drafting strategies that attempt to circumvent the basic exceptions to § 101 using, for example, highly stylized language, hollow field-of-use limitations, or the recitation of token post-solution activity should not be credited.”¹² Instead, courts should consider the “practical effect” of the claim with respect to the purpose of preserving the basic tools of scientific discovery.¹³

Third, and finally, a “flexible, claim-by-claim approach that avoids rigid line drawing” should be implemented.¹⁴ Because advances in old technologies and the advent of new technologies cannot always be foreseen, what is required is a “flexible pragmatic approach that can adapt and account for unanticipated technological advances while remaining true to the core principles of the underlying exceptions” to the statutory categories.¹⁵

Conclusions

Given the fractured nature of the opinion in *CLS Bank*, it is difficult to predict the impact on existing and future software (or business method) patents. Nevertheless, prudence dictates a careful and thoughtful review of any existing patent portfolios that include potential “abstract idea” software patents. Likewise, any future patent application filings should be prepared with the principles espoused in *CLS Bank* in mind. In particular, a claim-by-claim analysis should be performed to evaluate whether a claim is merely “coextensive with an abstract idea” or whether it includes “significantly more” substantive limitations beyond the basic abstract idea.

On the other side of the coin, companies defending a litigation over a software or business method patent, may want to consider a validity challenge under 35 U.S.C. § 101 for any claims that are merely “abstract ideas.” Given the outcome of *CLS Bank*, the odds appear more-likely-than-not to succeed for any such abstract process claims.

Endnotes

1. F.3d. ---, 2013 WL 1920941 (Fed. Cir., May 10, 2013).
2. *CLS Bank*, at *40.

3. See *Diamond v. Diehr*, 450 U.S. 175, 185 (1981).

4. *CLS Bank* at *1.

5. The five were Judges Lourie, Dyk, Prost, Reyna, and Wallach.

6. Those two were Chief Judge Rader and Judge Moore. In this author's opinion, the difference in reasoning presented by Judges Rader and Moore was primarily that the claimed process failed to recite, and thus, could be performed without a computer and was, therefore, merely an abstract idea.

7. *CLS Bank* at *47-*52.

8. Judges Linn and O'Malley.

9. Procedurally, the *CLS Bank* case was before the Federal Circuit after motions for summary judgment, but before a *Markman* claim construction hearing had occurred. Judges Linn and O'Malley would have remanded for the further findings of a claim construction hearing before deciding the case.

10. *CLS Bank* at *8 (citing *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948)).

11. *Id.*

12. *Id.*

13. *Id.*

14. *CLS Bank* at *9.

15. *Id.*

About the Author

Chris Cuneo, Of Counsel at Parsons Behle & Latimer Chris Cuneo is a registered patent attorney practicing primarily in the areas of patent prosecution, licensing, and complex litigation.

Likewise, any future patent application filings should be prepared with the principles espoused in *CLS Bank* in mind.

His practice includes a wide variety of technologies such as computer software, computer networks, network security, environmental monitoring and cleanup, automotive systems, financial and banking systems, and medical devices.



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Chief Justice
Roger S. Burdick

Justices
Daniel T. Eismann
Jim Jones
Warren E. Jones
Joel D. Horton

1st AMENDED - Regular Fall Term for 2013

Idaho Falls August 21
Pocatello August 22 and 23
Boise August 27 and 28
Coeur d'Alene September 11 and 12
Moscow September 13
Boise September 27 and 30
Boise November 1, 4 and **6**
Twin Falls November **6, 7** and 8
Boise December 2, 4, 5, 9 and 11

By Order of the Court
Stephen W. Kenyon, Clerk

NOTE: The above is the official notice of the 2013 Fall Term for the Supreme Court of the State of Idaho, and should be preserved. A formal notice of the setting of oral argument in each case will be sent to counsel prior to each term.

**OFFICIAL NOTICE
COURT OF APPEALS OF IDAHO**

Chief Judge
Sergio A. Gutierrez

Judges
Karen L. Lansing
David W. Gratton
John M. Melanson

2nd AMENDED - Regular Fall Term for 2013

Boise August 13, 15, 20, and 22
Boise September 10, 12, 17, **and 19**
Boise October 8, 10, 17, and 22
Boise November 12, 14, 19, and 21
Boise December 10 and 12

By Order of the Court
Stephen W. Kenyon, Clerk

NOTE: The above is the official notice of the 2013 Fall Term for the Court of Appeals of the State of Idaho, and should be preserved. A formal notice of the setting of oral argument in each case will be sent to counsel prior to each term.

**Idaho Supreme Court
Oral Argument for November 2013**

Friday, November 1, 2013 – BOISE

8:50 a.m. State v. Samuel Thomas Glenn #39567-2012
10:00 a.m. Cumis Insurance Society v. Wade Massey #40002-2012
11:10 a.m. Zions First National Bank v. Lettunich #34437-2007

Monday, November 4, 2013 – BOISE

8:50 a.m. Alisha Ann Murphy v. State (Petition for Review)
..... #40483-2012
10:00 a.m. State v. Todd W. Carver #39467-2011
11:10 a.m. Ada County v. Estate of Vernon K. Smith #39355-2011

Wednesday, November 6, 2013 – TWIN FALLS (Twin Falls County Courthouse)

10:00 a.m. State v. John Doe (2012-10) #40369-2012
11:10 a.m. State v. Robert Cassidy Hansen (Petition for Review)
..... #40647-2013

Thursday, November 7, 2013 – TWIN FALLS (Twin Falls County Courthouse)

8:50 a.m. Holli Lundahl Telford v. Sandra Copeland #39878-2012
10:00 a.m. Rita Jane Turner v. Robert Arthur Turner #39975-2012
11:10 a.m. American West Enterprises, Inc. v. CNH, LLC #40230-2012
2:00 p.m. IDHW v. Jane Doe (2013-15) (*EXPEDITED*) #41213-2013

Friday, November 8, 2013 – TWIN FALLS (Twin Falls County Courthouse)

8:50 a.m. Melaleuca, Inc. v. Rick Foeller #39757-2012
10:00 a.m. Farmers National Bank v. Green River Dairy .. #40101-2012
11:10 a.m. Verdene Page v. McCain Foods, Inc. (Industrial Commission) #40568-2012

The Idaho Supreme Court will have NO oral arguments during the month of October.

**Idaho Court of Appeals
Oral Argument for October 2013**

Tuesday, October 8, 2013 – BOISE

9:00 a.m. State v. Carmouche #38554-2011
10:30 a.m. State v. Bradshaw #39943-2012

Thursday, October 10, 2013 – BOISE

9:00 a.m. State v. Ruggiero #40175-2012
10:30 a.m. State v. Widmyer #39954-2012
1:30 p.m. U.S. Air Conditioning v. Ball #40281-2012

Thursday, October 17, 2013 – BOISE

9:00 a.m. State v. Hurler #39219-2011
10:30 a.m. State v. McNeil #39881-2012
1:30 p.m. State v. Knott #40074-2012

Tuesday, October 22, 2013 – BOISE

9:00 a.m. State v. Edghill #40477-2012
10:30 a.m. State v. Juarez #40135-2012

Idaho Supreme Court and Court of Appeals
NEW CASES ON APPEAL PENDING DECISION
(Updated 8/1/13)

CIVIL APPEALS

Arbitration

1. Whether Boling is entitled to compel arbitration against the non-signatory counter-defendants under the arbitration clause of the subscription agreement.

Clearwater REI, LLC v. Boling
S.Ct. No. 40809
Supreme Court

Due process

1. Whether the en banc Panel of the Fourth Judicial District judges erred in ruling the 1994 Panel had employed a "suitable process" prior to having entered the August 12, 1994, order that required the City of Meridian and Garden City to each furnish magistrate court facilities.

Ada County v. City of Garden City
S.Ct. No. 40084/40106
Supreme Court

Evidence

1. Whether it was error for the trial court to fail to consider all relevant evidence admitted as to fair market value of the property.

Mountain West Bank v. Tate
S.Ct. No. 40445
Supreme Court

2. Must the peace officer who administered the driver's breath test provide the sworn statement required by I.C. § 18-8002A before the Idaho Department Transportation can suspend a driver's license?

Atwood v. Idaho Transportation Dept.
S.Ct. No. 40441
Court of Appeals

Habeas corpus

1. Did the district court abuse its discretion in finding the Parole Commission had a rational basis for denying parole and dismissing the petition for a writ of habeas corpus?

Burghart v. Carlin
S.Ct. No. 40181
Court of Appeals

Post-conviction relief

1. Did the court err by denying O'Neil's motion for appointment of counsel?

O'Neil v. State
S.Ct. No. 40120
Court of Appeals

2. Did the court err in summarily dismissing Condon's petition for post-conviction relief?

Condon v. State
S.Ct. No. 40346
Court of Appeals

3. Did the court err in summarily dismissing Schultz's petition for post-conviction relief?

Schultz v. State
S.Ct. No. 40353
Court of Appeals

4. Did the court err in summarily dismissing Tapp's claim that counsel was ineffective for failing to present evidence of Tapp's mental capacity in support of his request for suppression of a confession?

Tapp v. State
S.Ct. No. 40197
Court of Appeals

5. Did the court err in summarily dismissing Vogel's petition for post-conviction relief or abuse its discretion in denying Vogel's request to retest, at state expense, the evidence from his underlying conviction?

Vogel v. State
S.Ct. No. 40162
Court of Appeals

Summary judgment

1. Was there a genuine issue of testamentary capacity of the decedent to execute the August 2010 will such that the court erred in granting summary judgment in favor of the proponent of the will?

Taylor v. Taylor
S.Ct. No. 40479
Court of Appeals

2. Did the court err in granting summary judgment to Cuevas and in finding that an invalid purchase agreement does not give rise to a vendee's lien?

Cuevas v. Barraza
S.Ct. No. 40516
Supreme Court

3. Did the court err when it granted ConAgra's motion for summary judgment based upon a finding that there was no genuine issue of material fact on the issue of product defect?

Massey v. ConAgra Foods, Inc.
S.Ct. No. 40504
Supreme Court

4. Where no provision of the Idaho Code allows ACHD to own the Walk Way that runs perpendicular to two roadways, did the district court err in concluding ACHD owns the Walk Way?

Rowley v. Ada County Highway District
S.Ct. No. 40672
Supreme Court

Termination of parental rights

1. Did the court err in terminating the parental rights of Jane and John Doe and finding this was in the best interest of the children?

Dept. of Health & Welfare v. John (2013-18)/Jane (2013-19) Doe
S.Ct. No. 41293/41294
Supreme Court

CRIMINAL APPEALS

Due process

1. Was Lay's right to due process violated when he was found to be a persistent violator with respect to the intimidating a witness conviction when he was provided no notice of the State's intent to seek the enhancement?

State v. Lay
S.Ct. No. 40159/40160
Court of Appeals

Evidence

1. Was the evidence sufficient to support Orr's conviction for resisting and obstructing a peace officer based on his refusal to perform field sobriety tests?

State v. Orr
S.Ct. No. 39161
Court of Appeals

Idaho Supreme Court and Court of Appeals
NEW CASES ON APPEAL PENDING DECISION
(Updated 8/1/13)

2. Was there sufficient competent evidence to support the jury's verdict finding Ish a persistent violator?

State v. Ish
S.Ct. No. 39847
Court of Appeals

3. Did the court err in finding testimony proffered by Ozuna was precluded under I.R.E. 412 as evidence of the victim's past sexual behavior?

State v. Ozuna, Jr.
S.Ct. No. 40165
Court of Appeals

Mistrial

1. Did the victim's objected to statement that she believed she had been drugged deprive Ghormley of a fair trial on the charge of rape?

State v. Ghormley
S.Ct. No. 40490
Court of Appeals

Motion to dismiss

1. Did the court err in denying Neal's motion to dismiss and in finding there was insufficient evidence to establish probable cause to believe she possessed methadone because it was present in the umbilical cord of her newborn?

State v. Neal
S.Ct. No. 40076
Supreme Court

Pleas

1. Did the court abuse its discretion when it denied Anderson's motion to withdraw his guilty plea?

State v. Anderson
S.Ct. No. 40222
Court of Appeals

Restitution

1. Whether the district court erred in awarding restitution for the victim's economic losses caused by an injury when Eddins was convicted of aggravated assault by threat and not aggravated battery.

State v. Eddins
S.Ct. No. 39933
Court of Appeals

Search and seizure –
suppression of evidence

1. Did the court err in upholding the warrantless entry and search of Howard's property and in denying his motion to suppress?

State v. Howard
S.Ct. No. 40239
Court of Appeals

2. Did the court err in finding the information supplied by a confidential informant was sufficiently reliable to provide reasonable suspicion for officers to conduct an investigative stop of Widner's car?

State v. Widner
S.Ct. No. 39908
Court of Appeals

3. Did the court err in denying Peaslee's motion to suppress statements and in finding he voluntarily waived his Miranda rights?

State v. Peaslee
S.Ct. No. 39588
Court of Appeals

4. Did the court err in its application of exigent circumstances and in finding entry into Ward's residence violated the Fourth Amendment?

State v. Ward
S.Ct. No. 40069
Court of Appeals

5. Did the court err in denying Crisp's motion to suppress and in finding his stop was supported by reasonable suspicion that he was driving under the influence?

State v. Crisp
S.Ct. No. 40633
Court of Appeals

6. Did the court err in granting Brown's motion to suppress evidence found in his vehicle and in finding his detention was unreasonably extended?

State v. Brown
S.Ct. No. 40171
Court of Appeals

7. Did the court err in denying Matthews' motion to suppress and in finding his detention was not illegally extended for a K9 unit to arrive?

State v. Matthews
S.Ct. No. 40530
Court of Appeals

8. Whether the information provided by the CI was sufficient to give officers reasonable suspicion to justify the investigative stop of Stewart's vehicle.

State v. Stewart
S.Ct. No. 39887
Court of Appeals

9. Did the court err in denying Shaw's motion to suppress and in finding the search of her vehicle was justified by probable cause to believe it contained contraband.

State v. Shaw
S.Ct. No. 40195
Court of Appeals

Sentence review

1. Did the court err by not sua sponte ordering a psychological evaluation pursuant to I.C. § 19-2522 before sentencing Bolan?

State v. Bolan
S.Ct. No. 40458
Court of Appeals

Statutory interpretation

1. Did the court err by denying Dugan's motion to dismiss a charge of injury to a jail because a patrol vehicle does not constitute a "place of confinement"?

State v. Dugan
S.Ct. No. 40291
Court of Appeals

2. Did the court err in finding AM-2201, a synthetic THC, was a controlled substance under Schedule I of the Idaho Uniform Controlled Substances Act as it existed at the time of Mendel's crime?

State v. Mendel
S.Ct. No. 40416
Court of Appeals

Summarized by:
Cathy Derden
Supreme Court Staff Attorney
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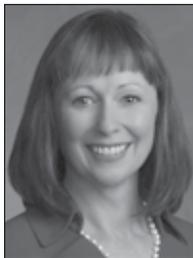
Participating in a Mediation — A Guide for Attorneys

Deborah A. Ferguson

After preparing your client for mediation comes time to execute the plan. You have developed your client's case. One of the primary purposes of mediating is to provide your client with a meaningful and intelligent choice between continuing to litigate or a settlement the parties develop and agree upon. Now it's time to see that your client's case gets the consideration it is due.

Educate and communicate with your mediator

Before mediation takes place, provide the mediator with a confidential settlement, memorandum or position paper outlining your case, along with a copy of the complaint, important briefs, and perhaps relevant portions of deposition testimony. Generally, include a clear succinct statement of the facts and law, as well as your position on damage and remedy issues. Summarize settlement attempts to date, and options for settlement. Discuss what you perceive as the opposing party's vulnerabilities. If you have a client with unrealistic expectations, say so. Likewise, if other pressures are weighing on the client's position, such as health concerns, family issues or lack of funds, let the mediator know. The mediator can keep these matters confidential, but at the same time put these realities into their calculus, to obtain a better outcome for your client. This memorandum can be a very useful tool for the mediator as it provides an opportunity to educate the mediator about the details and realities that surround your case.



The real negotiations between the parties will not take place until both parties have had the opportunity to fully vent their concerns to the mediator.

Editor's note: This is the final article in a three part series in The Advocate. Part I, "The Eight Benefits of Mediation" appeared in the October 2012 edition, and Part II, How to Prepare Your Client for Mediation" was published in January, 2013.

On the issue of confidentiality, the mediator should provide counsel with a mediation agreement, which spells out the ground rules of the mediation, as well as the strict confidentiality that applies to the process. All counsel, as well as the mediator should sign this agreement, before the substantive process is underway.

It is also an excellent idea to prepare a list of the most compelling, as well as the more marginal reasons that support your position, as well as potential settlement options. This piece of the mediation mosaic isn't necessarily a part of your settlement memorandum. Rather, it provides you with an effective communication tool, when you are in the heat of negotiation. With this list, you can feel more confident that the mediator understands every available reason to engage the other side to further compromise, and ensures that your client's full range of interests are in the mix.

Mediation day

Show up on time and be ready to engage with your client. An initial joint session can be helpful, even for those who don't want to engage in a traditional joint session during the course of the mediation. It allows both parties to simultaneously listen to the mediator's initial welcoming comments and ground rules. Clients find it reassuring to see the participants gathered together as planned and devoting the day to this common purpose.

That being said, it can be a good idea for the mediator to stagger the parties' arrival if a particular party is going to need a lot of time and attention from the mediator in the first caucus session. The real negotiations between the parties will not take place until both parties have had the opportunity to fully vent their concerns to the mediator. It also prevents the other party and counsel from spending hours alone in a conference room, waiting to begin their initial caucus session. **Caveat:** typically both parties arrive at the mediation at the same time. The unorthodox approach of staggering the beginning of a mediation must be fully disclosed and agreed upon in advance. It is also imperative the party second to arrive be prompt and ready to engage, so the mediation does not stall.

Ask your client to turn off all devices in opening session and caucuses with the mediator, while you are shutting off yours. It will allow you to use your time in the mediation more effectively. Stay alert to new information. Often much more can be learned in the course of a day's mediation than in the formal discovery process. You might find you received correct answers to your discovery requests, but asked the wrong questions.

Be productive when the mediator is in private caucus with the other side. Discuss what occurred in your most recent caucus and what the mediator is telling you about the other party's position. Continue to examine your BATNA (best alternative to a negotiated agreement) after each caucus and brainstorm about what might move the mediation process forward.

Four negotiation points to keep in mind

The following four points are helpful in all negotiations, during the course of a formal mediation and in everyday life:

1. Learn and appreciate your own ability and your case's strengths;
2. Realize – or at least entertain the possibility — that you and your client may not know what the other parties want.
3. Consider whether the other parties actually know your case's weaknesses. Other parties often think their case is more transparent than it, in fact, is; and
4. Rather than focus on “the bottom line,” be willing to think creatively.

There is often common ground that a mediator can explore when the parties become entrenched, but counsel must be willing to entertain the possibility of viewing the situation through a new lens. If you keep the above points in mind, you

and your client will mediate from a foundation designed for a successful outcome.

The negotiation process

Spend your private caucus time wisely. Provide the mediator with factual and legal information to reality-test the other party's expectations. Likewise, use the mediator to reality-test your own client's expectations, and to explore viable settlement options with your client. Listen to the mediator for clues about the needs and interests of the other side, and continue to ask the mediator questions for more information about the opposing side's position. Use the mediator to present your proposals, which you can request be attributed to the mediator, rather than you, if you prefer strategically not to own the proposals. If the mediation hits a wall, discern from the mediator whether this is an impasse that will take time to work out or if the parties are, in fact, intractable. An effective mediator will be persistent and can see opportunities you may not, so be patient. Mediation can be very effective, but it is rarely short or linear. Do not rush the process.

A negotiated agreement

If an agreement has been reached, put it in writing immediately. Sometimes this is not practical. If not, draw up at least bullet points that outline the agreement and how it will be structured. Each attorney should read and sign it. At a minimum, include the date of the mediation, the parties and counsel present and the basic points agreed upon. Decide who is drafting the final agreement, and when it will be circulated for review.

If the mediation ends without a settlement, despite the preparation and involvement of counsel and the parties, try to reach an agreement on the reason for the impasse. Seek

Use the mediator to present your proposals, which you can request be attributed to the mediator, rather than you, if you prefer strategically not to own the proposals.

an agreement to structure a method to deal with the problem and move forward. For example, if the impasse is the result of a lack of sufficient factual information, agree to a finite amount of discovery to target the issue of contention. If the dispute is a matter of law, decide if you can file a discrete motion, putting the legal issue before the court for a ruling.

But deal or no deal, a good mediation will help counsel know more about the case and the parties, so that resolution can ultimately be reached. Remember settlement is not an alternative to litigation. Rather, it is its normal outcome. By applying the principles within this article and those outlined in its companion pieces, mediation will be an effective, efficient approach for you and your client.

About the Author

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Conflicts of Interest: Challenges in the 21st Century

Gerald T. Husch
Andrea J. Rosholt

As lawyers, we are trained to resolve the conflicts our clients bring to us. But how apt are we to identify and resolve conflicts created by the attorney-client relationship itself? When does that sacred relationship begin? How do technology and globalization affect our responsibilities under the Idaho Rules of Professional Conduct (I.R.P.C.) relating to conflicts of interest? What do we lawyers need to do in a society where every prospective client's access to counsel is almost instantaneous, larger clients are hiring multiple law firms for different types of legal services, and individual lawyers are more mobile in their careers? With these questions in mind, it is increasingly imperative that lawyers be able to identify and address potential conflict issues as they arise. The failure to do so could result in the lawyer or his or her law firm being disqualified from chosen representation, fired, disciplined, or worse. Let's test your knowledge and see how you fare.

Test your knowledge

1. Your firm's website does not specifically request or invite visitors to submit information concerning the possibility of forming a client-lawyer relationship with respect to a matter. In fact, the website contains a warning that merely sending an e-mail to the firm does not establish an attorney-client relationship. A website visitor sends the firm an e-mail asking the firm to represent her in a malpractice case (against a hospital you represent). The e-mail includes information that is significantly harmful to her case and that she deems confidential. Without discussing the matter with the web-

What do we lawyers need to do in a society where every prospective client's access to counsel is almost instantaneous, larger clients are hiring multiple law firms for different types of legal services, and individual lawyers are more mobile in their careers?

site visitor, you send her an e-mail on behalf of the firm declining to represent her. After the website visitor sues the hospital, you accept the defense of the hospital against her claim.

Ethical? Yes No Maybe

2. A man who intends to file a lawsuit wants to disqualify prominent local attorneys from representing any of the defendants, so he holds himself out as a prospective client to you and shares his confidential information with you. You decline to represent the man. However, after you learn that the man had contacted several other lawyers in the same fashion, you accept the defense of the primary defendant.

Ethical? Yes No Maybe

3. Your client asks you to serve on its board of directors. Without a second thought, you accept.

Ethical? Probably Probably Not

4. You represent Mr. Smith in a small real estate matter. Your partner announces that Global, a large manufacturer, has asked the firm to defend the company in a class action. The representation will be very lucrative to the firm. However, your partner informs you that Mr. Smith is a named plaintiff in the class action and suggests that you find another attorney to represent Mr. Smith so that the firm can undertake repre-

sentation of Global. You agree to do so.

Ethical? Probably Probably Not

5. Consider a variant to Question No. 4. In this scenario, both Mr. Smith and Global are active, current clients of the firm. You currently represent Mr. Smith in a small real estate matter. Your colleague is presently defending Global, your firm's largest client, in a class action. When your partner receives an amended complaint naming Mr. Smith as a plaintiff in the class action, your partner suggests that you should find another attorney to represent Mr. Smith rather than risk losing the firm's largest client, and you agree.

Ethical? Yes No Maybe

6. You represent plaintiff Jones in a personal injury lawsuit. The defendant has hired Dr. X to serve as defendant's expert witness. Dr. X is a current firm client in an unrelated real estate matter. During your representation of plaintiff Jones you will be required to cross-examine Dr. X at trial. May you do so?

Ethical? Yes No Maybe

7. Several years ago a large corporation with worldwide operations hired your firm to act as employment law counsel in Idaho. The corporation has its own legal department headed by its general counsel, who has frequently retained outside

counsel to represent the corporation in a wide range of matters.

While you are representing the corporation in several employment matters, the corporation sues one of your firm's current IP clients in an IP matter that is unrelated to your representation of the corporation. Your firm then undertakes the defense of the IP client in the litigation because, at the outset of your representation of the corporation, the corporation had signed your firm's standard engagement letter that contained a waiver of future conflicts of interest. The corporation insists you withdraw from the defense of the firm's IP client, but your firm chooses to terminate its attorney-client relationship with the corporation rather than the IP client.

Ethical? Yes No Maybe

8. A large self-insured company retains you to defend the company and its employee, at the company's expense, in a wrongful death action in which the plaintiff's claims against the company are based solely on a theory of respondeat superior. During the course of discussing the case with you, the employee tells you facts indicating that the employee might have been acting outside the course and scope of his employment at the time of the accident that gave rise to the lawsuit. The employee disclosed the facts to you with the reasonable belief that he was doing so in the course of an attorney-client relationship and without understanding the implications of the facts. You do not disclose the facts to the company because you believe what the employee told you is a confidential attorney-client communication. However, you continue to represent both parties in the litigation.

Ethical? Yes No Maybe

As a general rule, a lawyer who has had discussions with a prospective client may not use or reveal information learned in the consultation. I.R.P.C. 1.18(b).

The lawyer website spammer (Question No. 1)

The answer to this question is "yes." "A person who discusses with a lawyer the possibility of forming a client-lawyer relationship with respect to a matter is a prospective client." I.R.P.C. 1.18(a). As a general rule, a lawyer who has had discussions with a prospective client may not use or reveal information learned in the consultation. I.R.P.C. 1.18(b). In addition, that lawyer may not represent an adverse client in the same or a substantially related matter if the information the lawyer received from the prospective client could be significantly harmful to that person in that matter, absent the parties' informed consent confirmed in writing. I.R.P.C. 1.18(c), (d). However, *a person who unilaterally communicates information to a lawyer, without any reasonable expectation that the lawyer is willing to discuss the possibility of forming an attorney-client relationship, is not a "prospective client" within the meaning of Rule 1.18.* I.R.P.C. 1.18, cmt. [2].

Practice Tip: ABA Formal Opinion 10-457 (Lawyer Websites) indicates that a lawyer may effectively limit, condition, or disclaim an obligation to a website reader by including cautionary language or warnings on the website to avoid a misunderstanding by the website visitor that

"(1) a client-lawyer relationship has been created; (2) the visitor's information will be kept confidential; (3) legal advice has been given; or (4) the lawyer will be prevented from representing an adverse party." *Id.*, pp. 5-6 (footnotes omitted).

The would-be prospective client (Question No. 2)

The answer to this question is "maybe." Rule 1.18(a) defines a "prospective client" as a person who discusses with a lawyer the possibility of forming a client-lawyer relationship with respect to a matter. Rule 1.18(b) generally requires a lawyer not to use or reveal information learned in a consultation with a prospective client. Rule 1.18(c) generally disqualifies the lawyer who has learned such information (and the lawyer's firm) from representing a client with interests materially adverse to those of the prospective client if the lawyer received information from the prospective client that could be significantly harmful to that person in the matter. However, "a person who purports to be a prospective client and who communicates with a number of lawyers with the intent to prevent other parties from retaining them in the same matter should have no reasonable expectation of confidentiality or that the lawyer would refrain from an adverse representation." ABA Formal Op. 10-457 (Lawyer Websites), p. 5

(footnote omitted) (citing Virginia Legal Eth. Op. 1794 (2004), and Ass'n of the Bar of the City of New York Committee on Prof'l and Jud. Eth. Formal Op. 2001-1 (2001)).

The dual role as the client's counsel and director (Question No. 3)

The answer to this question is “probably not.” Before a lawyer becomes a member of a client's board of directors, the lawyer should take reasonable steps to be sure that the organization's executives and other board members understand the ethical and practical pitfalls, such as potential conflicts, possible threats to the attorney-client privilege and the risk that the lawyer may be required to recuse himself or herself as a director or withdraw as counsel for the organization. ABA Formal Op. 98-410 (Lawyer Serving as Director of Client Corporation), p. 4. Conflicts can arise under many circumstances, such as when the lawyer-director is asked to give an opinion to the organization on the legality of prior board action in which the lawyer-director participated as a director. *Id.*, pp. 9-10. Because the lawyer-director typically provides both business and legal advice, the lawyer's presence on the board increases the risk that the organization will lose the attorney-client privilege even for purely legal advice. *Id.*, pp. 5-6. In the event of a conflict between the organization and its directors, the lawyer-director's law firm may be precluded from representing the organization. *Id.*, p. 11. See generally I.R.P.C. 1.7, cmt. [35].

Practice Tip: A lawyer contemplating service on a client's board of directors should also consider: (1) whether the lawyer's professional liability insurance policy provides coverage when the lawyer is acting as a director rather than solely as an attorney; (2) whether the client has a D&O liability insurance policy, the

An attempt to avoid the prohibitions of I.R.P.C. 1.7(a)(1) — by withdrawing from the representation of Mr. Smith, thus transforming Mr. Smith into a former client, and applying the less stringent conflict analysis of I.R.P.C. 1.9 — will likely violate the so-called “Hot Potato” rule.

policy limits and whether the policy provides coverage for a lawyer-director's actions in providing legal advice; and (3) whether the organization's by-laws require the organization to defend and indemnify its directors to the maximum extent permitted by applicable law, such as Idaho Code Section 30-1-851. See ABA Formal Op. 98-410, p. 3 n.4.

The hot potato rule (Question No. 4)

The answer to this question is “probably not.” I.R.P.C. 1.7(a)(1) prohibits a lawyer from undertaking a representation that will be directly adverse to a current client. I.R.P.C. 1.10(a) imputes the conflict to all other lawyers in the lawyer's firm. An attempt to avoid the prohibitions of I.R.P.C. 1.7(a)(1) — by withdrawing from the representation of Mr. Smith, thus transforming Mr. Smith into a former client, and applying the less stringent conflict analysis of I.R.P.C. 1.9 — will likely violate the so-called “Hot Potato” rule. Although no Idaho appellate court has addressed application of the Hot Potato rule, a majority of the courts that have addressed the issue have adopted the holding of *Picker International, Inc. v. Varian Associates, Inc.*, 670 F. Supp. 1363, 1365 (N.D. Ohio 1987), *aff'd*, 869 F.2d 578 (Fed. Cir. 1989), that “[a] firm may not drop a client like a hot potato, especially if it is in order to keep happy a

far more lucrative client.” The consequences of violating the Hot Potato rule may include disqualification, sanctions or worse.

The “thrust upon” exception to the hot potato rule (Question No. 5)

The answer to this question is “maybe.” The addition of Mr. Smith as a plaintiff in the class action creates a direct conflict of interest under Rule 1.7(a)(1). Without an exception to the general rule, the law firm would be required to either obtain the informed consent from both affected clients or withdraw from the representation of the conflicting representation — here the representation of Global. See I.R.P.C. 1.7, cmt. [4]. However, where a conflict of interest arises through no fault of the lawyer and is otherwise “unforeseen,” a lawyer may have the option to withdraw from one of the representations in order to avoid the conflict. See I.R.P.C. 1.7, cmt. [5]. Comment 5 provides:

Unforeseeable developments, such as changes in corporate and other organizational affiliations or the addition or realignment of parties in litigation, might create conflicts in the midst of a representation, as when a company sued by the lawyer on behalf of one client is bought by another client represented by the lawyer in an unrelated matter. **Depending**

on the circumstances, the lawyer may have the option to withdraw from one of the representations in order to avoid the conflict. . . .

Id. (emphasis added). Comment 5 is an iteration of the so-called “thrust upon” exception to the Hot Potato rule. As noted in *Board of Regents of the University of Nebraska v. BASF Corp.*, 2006 WL 2385363, at *10, “[t]he ‘thrust upon’ exception applies when unforeseeable developments cause two current clients to become directly adverse.” However, a determination of whether a conflict can be cured by withdrawal from the representation of one client pursuant to I.R.P.C. 1.7 must also be analyzed under I.R.P.C. 1.16. Under I.R.P.C. 1.16, a lawyer generally may not withdraw from representing a client unless withdrawal can be accomplished “without material adverse effect on the interests of the client.” See I.R.P.C. 1.16 (b)(1).

The client as an adverse witness (Question No. 6)

The answer to this question is “maybe.” Comment [6] to I.R.P.C. 1.7 provides that “a directly adverse conflict may arise when a lawyer is required to cross-examine a client who appears as a witness in a lawsuit involving another client, as when the testimony will be damaging to the client who is represented in the lawsuit.” (Emphasis added.) ABA Formal Opinion 92-367 (Oct. 16, 1992) (Lawyer Examining a Client as an Adverse Witness, or Conducting Third Party Discovery of the Client), states:

A lawyer who in the course of representing a client examines another client as an adverse witness in a matter unrelated to the lawyer’s representation of the other client, or conducts third party discovery of the client in such a matter, will likely face a conflict that is disqualifying in the absence of

I.R.P.C. 1.7(b) permits a lawyer to sue a current client under certain conditions if each affected client gives its informed consent, confirmed in writing.

appropriate client consent. Any such disqualification will also be imputed to other lawyers in the lawyer’s firm.

As comment [6] to I.R.P.C. 1.7 suggests, a conflict “may” exist in the above referenced scenario. Prior to trial the lawyer should identify the potential problem, analyze the interests of both plaintiff and Dr. X, and determine whether there exists a significant risk that the lawyer’s representation of either will be materially limited under the circumstances. If a conflict exists, the lawyer may continue to represent both plaintiff Jones and cross-examine Dr. X if each gives his informed consent, confirmed in writing. See I.R.P.C. 1.7(b).

Advance conflict waivers (Question No. 7)

The answer to this question is “yes.” As a general rule, I.R.P.C. 1.7(a) prohibits a lawyer from undertaking a representation that would constitute a concurrent conflict of interest. A concurrent conflict of interest exists if the representation of one client will be directly adverse to another client. I.R.P.C. 1.7(a)(1). However, I.R.P.C. 1.7(b) permits a lawyer to represent one client who is directly adverse to another current client under certain conditions, if each affected client gives its informed consent, confirmed in writing. “Informed consent” denotes the agreement by a person to a proposed course of con-

duct after the lawyer has communicated adequate information and explanation about the material risks of and reasonably available alternatives to the proposed course of conduct.” I.R.P.C. 1.0(e).

In *Galderma Laboratories, L.P. v. Actavis Mid Atlantic LLC*, — F.Supp.2d —, 2013 WL 655053 (N.D. Tex. 2013), upon which this hypothetical question is based, the court held that the corporation gave informed consent when it agreed to a general, open-ended waiver of future conflicts of interest, because the corporation was a sophisticated client represented by in-house counsel. In that case, the firm’s engagement letter stated:

We understand and agree that this is not an exclusive agreement, and you are free to retain any other counsel of your choosing. We recognize that we shall be disqualified from representing any other client with interest materially and directly adverse to yours (i) in any matter which is substantially related to our representation of you and (ii) with respect to any matter where there is a reasonable probability that confidential information you furnished to us could be used to your disadvantage. You understand and agree that, with those exceptions, we are free to represent other clients, including clients whose interests may con-

flict with yours in litigation, business transactions, or other legal matters. You agree that our representing you in this matter will not prevent or disqualify us from representing clients adverse to you in other matters and that you consent in advance to our undertaking such adverse representations.

Galderma, 2013 WL 655053 at * 1. The court ruled that the general, open-ended waiver of future conflicts in the firm's engagement letter with the corporation met the requirements for an informed consent because: (1) the waiver contained an agreement to a proposed course of conduct regarding the firm's representation of other clients whose interests conflicted with the corporation; (2) the agreement was made after the firm had communicated adequate information and explanation about the material risks, i.e., the risk that the firm would advocate for another client directly adverse to the corporation; and (3) the firm had proposed reasonably available alternatives to the proposed course of conduct, i.e., that the corporation hire other counsel.

Multiparty representation (Question No. 8)

The answer to this question is "no." "A lawyer representing an organization may also represent any of its directors, officers, employees, members, shareholders or other constituents, subject to the provisions of Rule 1.7" regarding conflicts of interest involving current clients. I.R.P.C. 1.13(g). However, Comment [29] to Rule 1.7 cautions that "[i]n considering whether to represent multiple clients in the same matter, a lawyer should be mindful that if the common representation fails because the potentially adverse interests cannot be reconciled, the result can be additional cost, embarrassment and re- crimination."

Both the company and the employee in Question No. 8 are the law-

When a lawyer represents multiple clients, I.R.P.C. 1.6(a) prohibits the lawyer from revealing information relating to the representation of one client to anyone else, including another client, unless: ...

yer's clients. When a lawyer represents multiple clients, I.R.P.C. 1.6(a) prohibits the lawyer from revealing information relating to the representation of one client to anyone else, including another client, unless: ... (a) the client gives informed consent; (b) the disclosure is impliedly authorized in order to carry out the representation; or (c) one of the exceptions in I.R.P.C. 1.6(b) applies. Note that Rule 1.6(a) forbids the lawyer from revealing "information relating to the representation," not simply information that is protected by the attorney-client privilege. I.R.P.C. 1.6, cmt. [4].

On the other hand, I.R.P.C. 1.4(b) requires the lawyer to provide information to each client "to the extent reasonably necessary to permit the client to make informed decisions regarding the representation."

In this hypothetical, the lawyer's obligation to disclose the scope-of-employment information to the company under Rule 1.4(b) will conflict with the lawyer's obligation to preserve the confidentiality of information related to the lawyer's representation of the employee under I.R.P.C. 1.6, absent the employee's informed consent, implied authority or an applicable exception. Any advance conflict waiver to which the employee might have agreed would probably be unenforceable, and the employee would likely refuse to give "informed consent" to disclose the

scope-of-employment information to the company, after an explanation of the material risks of disclosure of that information to the company as required by I.R.P.C. 1.6(a) and 1.0(e). Furthermore, the employee may not be presumed to have authorized the disclosure of information to the company. Thus, unless the disclosure is permitted under one of the exceptions in I.R.P.C. 1.6(b), the employee and the company would be directly adverse to each other and Rule 1.16(a) would prohibit the lawyer from continuing to represent both parties because such continued joint representation would violate I.R.P.C. 1.7.

If the lawyer cannot disclose the information to the company, Rule 1.16(a) requires the lawyer to withdraw from the representation of the company because withholding the information from the company would be a violation of the lawyer's disclosure obligation under Rule 1.4(b). Whether the lawyer must withdraw from the representation of the employee must be determined separately, based upon both the lawyer's ability to comply with his duties to the company as a former client and the lawyer's ability to represent the employee adequately. See I.R.P.C. 1.7, cmt. [4]; I.R.P.C. 1.9. See generally ABA Formal Op. No. 08-450 (Confidentiality When Lawyer Represents Multiple Clients in the Same or Related Mat-

The Common Fund Doctrine and the Perils of “Guidance”

Wm. “Breck” Seiniger, Jr.

Opinions sometimes go beyond the facts of a case to include dicta offered as guidance. Such “guidance” can do more to confuse the law than to clarify it, particularly when it attempts to forecast the application of equitable principles to an incomplete hypothetical fact pattern.

A case in point is *Seiniger Law Office, P.A. v. N. Pac. Ins. Co.*, 145 Idaho 241, 178 P.3d 606 (2008). The recurring fact pattern presented in *Seiniger* involves an automobile accident, first party no-fault medical payment (“Med Pay”) benefits, and the interplay between the equitable principles of Med Pay subrogation, the Common Fund Doctrine, and Intercompany Arbitration Agreements. Automobile insurers have come to rely upon certain dicta in *Seiniger* to refuse to pay their pro rata share of an insured’s costs and attorney’s fees while at the same time accepting the benefit of the efforts of the insured in litigating the underlying tort claims to a favorable resolution. This article analyzes the issue and provides a practical solution to protect your client’s rights.

Med Pay subrogation claims

When an individual is injured in an automobile accident, the individual’s own surety (insurance company) often pays for the individual’s medical treatment. That surety thus has a Med Pay subrogation claim if the individual recovers damages related to the accident based upon either a common law right of subrogation under equitable principles, or contract (depending on the policy involved), or both. Subrogation rights are derivative and governed by the single action rule.¹ At com-

Automobile insurers have come to rely upon certain dicta in *Seiniger* to refuse to pay their pro rata share of an insured’s costs and attorney’s fees while at the same time accepting the benefit of the efforts of the insured in litigating the underlying tort claims to a favorable resolution.

“[We] must be ever on our guard, lest we erect our prejudices into legal principles.”

Louis D. Brandeis

mon law, a plaintiff’s surety has no independent right of action against a tortfeasor’s surety.² The insurer’s subrogation claim is derived from and dependent upon successful prosecution of the insured’s claim.³

The Common Fund Doctrine

The Common Fund Doctrine is an equitable exception to the general rule that each party bears his or her own attorney’s fees requiring parties who benefit from the efforts of counsel in creating, preserving, protecting, or recovering a common fund to pay for their fair share of the work required to bring about that benefit.⁴ The doctrine’s broad purpose is to recapture unjust enrichment.⁵ In the context of Med Pay subrogation actions, an insurer that does not assist in the insured’s collection of damages from a third party must pay its share of the costs and expenses incurred in obtaining the recovery, including attorney’s fees. However, if the insurer employs its own counsel

and actively participates in the action against the third party, it cannot be compelled to contribute to the insured’s attorney’s fees.⁶

The Common Fund Doctrine had been well established in the State of Idaho in the cases of *Cedarholm*,⁷ *Miner*,⁸ *Wensman*,⁹ and *Boll*.¹⁰ In *Cedarholm*, the Idaho Supreme Court held that when a plaintiff in an automobile collision case incurred fees and expenses in litigation to recover damages, the plaintiff’s surety was entitled to a portion of the damages equal to the payments it made on behalf of the plaintiff less the costs and reasonable fees attributable to that share.¹¹

In *Wensman*, the Court said that the insurance company could not avoid paying its pro rata share of fees and costs by simply notifying the insured that the company did not need or want the services of the insured or the insured’s attorney.¹² Instead, the Court held that upon receiving notice of the insured’s intention to proceed, the insurance company must make an election between: (1) participation in the action and payment of its own fees and costs; or, (2) in the event the insured recovered funds on behalf of plaintiff’s surety, then payment of a proportionate

share of the attorney's fees and costs out of the plaintiff's surety's share of the recovery.¹³

In *Boll*, the Idaho Supreme Court explained that the application of the Common Fund Doctrine is triggered when the efforts of the insured result in an actual benefit to the plaintiff's surety without regard as to whether the insurance company had done or was doing anything outside of the litigation to preserve, protect or pursue its subrogation right.¹⁴

Intercompany arbitration

In small cases, a plaintiff's surety will not hire its own counsel to appear in the underlying tort action because its Med Pay subrogation claim is too small to justify the expense. Rather than appear in the action, a plaintiff's surety will submit an unliquidated/disputed subrogation claim against the tortfeasor's surety to Intercompany Arbitration. The plaintiff's surety will usually defer any effort to resolve the arbitration until the plaintiff has resolved her underlying claim against the tortfeasor. The net result is often that the plaintiff's surety receives a check for the entire amount of its unliquidated/disputed subrogation claim without having to hire an attorney, share in any costs, or risk an adverse outcome in Intercompany Arbitration.

The factual background of *Seiniger*

Seiniger arose from an automobile collision and subsequent settlement. Vivian Jenkins settled her claim at mediation with the negligent driver's ("tortfeasor's") surety, Farm Bureau, after protracted litigation. As is common, the plaintiff's surety, North Pacific, advised the plaintiff that it was going to collect its subrogation interest through Intercompany Arbitration. As in the

The question on appeal in *Seiniger* was whether an insurance company is obligated, as a matter of law, by the Common Fund Doctrine to pay a pro rata share of costs and attorney's fees under a limited, yet consistently recurring, fact pattern.



vast majority of cases, North Pacific and Farm Bureau agreed to a series of "deferrals" of the arbitration hearing until Ms. Jenkins' case against the tortfeasor was settled.

Although Farm Bureau was aware that North Pacific's Med Pay subrogation claim was pending in Intercompany Arbitration, it nevertheless insisted that North Pacific's disputed \$5,000 subrogation claim be included in the gross amount of the settlement and that Ms. Jenkins agree to indemnify Farm Bureau against any liability to North Pacific. Because Ms. Jenkins would have had to forego a favorable settlement if she declined these conditions, she accepted them. After Ms. Jenkins signed documents reflecting this agreement, Farm Bureau sent a check for \$5,000 directly to North Pacific, which it accepted.

North Pacific declined to pay its pro rata share of costs and attorney's fees,¹⁵ despite clear contractual language in Ms. Jenkins' policy requiring it to do so.

Ms. Jenkins sued North Pacific to recover a pro-rata share of costs and attorney's fees under both the Common Fund Doctrine and terms providing for such payment contained in her policy.¹⁶ The district court awarded Ms. Jenkins pro rata attorney's fees and costs with respect to North Pacific's recovery of its \$5,000 subrogation claim under the Com-

mon Fund Doctrine. The court further awarded Ms. Jenkins costs and fees pursuant to I.C. § 12-121 & I.R.C.P. 54(e)(1) because North Pacific's defense as to the Common Fund Doctrine was "without foundation" based on the holding in *Wensman*.¹⁷

The issue on appeal in *Seiniger*

The question on appeal in *Seiniger* was whether an insurance company is obligated, as a matter of law, by the Common Fund Doctrine to pay a pro rata share of costs and attorney's fees under a limited, yet consistently recurring, fact pattern:

1. A plaintiff's surety has paid Med Pay benefits;
2. The plaintiff's surety has been put on notice that plaintiff and her attorney are pursuing an action and that the surety can join or will be expected to pay a pro rata share of costs and attorney's fees under the Common Fund Doctrine;
3. The plaintiff's surety submits its unliquidated/disputed subrogation claim against the tortfeasor to Intercompany Arbitration;
4. The plaintiff's surety and the tortfeasor's surety agree to defer arbitration until the plaintiff's claim has been resolved;
5. The plaintiff negotiates a settlement with the tortfeasor's surety;

6. The tortfeasor's surety requires the plaintiff to satisfy her surety's subrogation claim parked in Intercompany Arbitration from the proceeds of the settlement;

7. The tortfeasor's surety requires the plaintiff to indemnify it for 100% of the unliquidated/disputed subrogation claim; and

8. Plaintiff's surety thereafter accepts payment of its subrogation claim.

The *Seiniger* Court affirmed the district court's application of the Common Fund Doctrine consistent with *Wensman* and *Boll*.¹⁸ Through dicta, however, the Court offered "Guidance" that has greatly confused the law and emboldened the insurance industry to ignore the teachings of *Cedarholm*, *Miner*, *Wensman* and *Boll*.

The troublesome guidance offered in dicta

Without the benefit of a well-developed record, the Court speculated on what sureties can do to avoid application of the Common Fund Doctrine:

For guidance purposes, we make it clear that neither the tortfeasor's insurance company nor the insured possess the authority to insist that the insurer [sic.] subrogation claim be included in a settlement. It may be convenient for a tortfeasor or the tortfeasor's insurance company to insist upon settling the insured's claim and the insurer's subrogation claim at the same time. However, convenience does not justify exclusion of the injured party's insurer from participation in the resolution of its claim. In cases such as this, the insurer that wishes to avoid application of the Common Fund Doctrine in cases may do so by the simple act of refusing to accept the benefits of a settlement in which it did not participate.¹⁹

Thus, the burden which the subrogating surety has to prove its claim against the tortfeasor's surety in the Intercompany Arbitration is effectively transferred to the plaintiff.

This Guidance appears to create an irrebuttable presumption that so long as the plaintiff's surety does not "accept the benefits of the settlement," the Common Fund Doctrine has no application. What this means in the real world is anything but clear.

Historically, the primary factual predicate to an award of pro rata costs and fees under the Common Fund Doctrine was the creation of a fund that confers a "benefit" on a third party through the efforts of the attorney. Presumably, the "benefit" to which *Seiniger's* Guidance refers is a check sent to the plaintiff's surety by the tortfeasor's surety. The Guidance implies that by declining to accept that check, the plaintiff's surety voids the benefit conferred by the plaintiff in securing the tortfeasor's surety's abandonment to any opposition in Intercompany Arbitration. This ignores the big picture.

In many automobile collision cases, settlement is achieved after months or years of work and costs incurred by the plaintiff. In the usual collision case, the plaintiff has to prove liability and medical causation, because she seeks to recover at least some medical expenses that exceed the limit of her Med Pay coverage. The plaintiff files a lawsuit; takes what action is needed to establish liability; gathers and provides all

of her medical records to the tortfeasor's surety; sits for her deposition; pays for expert reports to be submitted to the tortfeasor's surety; often deposes the tortfeasor's expert "IME" physician; and takes other action to prove the necessity and reasonableness of her medical care. Meanwhile, the plaintiff's surety sits back and continues to defer action on the Intercompany Arbitration until the plaintiff settles her case. Thus, the burden which the subrogating surety has to prove its claim against the tortfeasor's surety in the Intercompany Arbitration is effectively transferred to the plaintiff.

Through *Seiniger's* Guidance, Idaho's Supreme Court seems to have adopted the position sub silentio that the Common Fund Doctrine simply does not apply if a subrogation claimant refuses to accept "the benefit" of a settlement, as long as an order is entered in Intercompany Arbitration under any circumstances. Even under these circumstances, there is no question that a "fund" has been created that benefits the plaintiff's surety. It makes no difference if the plaintiff's surety accepts the first check sent to it, or if the plaintiff's surety rejects that check and the tortfeasor's surety abandons its opposition to the claim in arbitration. Because of the plaintiff's promise of indemnity, the plaintiff's surety's

victory in Intercompany Arbitration is assured, and the Intercompany Arbitration is meaningless and moot for all practical purposes. Thus, the plaintiff's attorney has conferred a benefit by essentially liquidating the previously unliquidated/disputed claim in Intercompany Arbitration. The subrogation interest is ultimately satisfied out of the plaintiff's settlement fund, regardless of when payment is made or who writes the check, because the plaintiff either pays the subrogation claimant directly, or reimburses the tortfeasor's surety.

Seiniger's guidance calls into question application of the Common Fund Doctrine

Contrary to *Seiniger's* Guidance, there is a factual issue as to whether the plaintiff has conferred a benefit on plaintiff's surety if (1) the sureties' dispute has not been resolved prior to settlement of the underlying tort case, (2) the plaintiff is required to agree to indemnify the tortfeasor's surety, and (3) Intercompany Arbitration is abandoned and the plaintiff surety's disputed subrogation claim is paid. Certainly, a trial court in applying the Common Fund Doctrine in cases in which a subrogation claim has been "parked" in Intercompany Arbitration should be able to consider equitable factors such as the extent to which the tortfeasor's surety vigorously contested its liability and the extent of damages in the underlying tort case, the efforts of the plaintiff and her counsel to prove medical causation, evidence of pre-existing conditions, other areas of dispute that may have caused the tortfeasor's surety to contest the plaintiff's surety's subrogation claim, and whether the plaintiff's surety accepted payment after settlement and before going to hearing on the subrogation claim in Intercompany Arbitration.

The Guidance has encouraged sureties to deny application of the Common Fund Doctrine where there has been payment of a disputed subrogated claim resulting from the settlement between the parties to the underlying litigation.²⁰

Perhaps the most unfortunate aspect of *Seiniger's* Guidance is the inevitable unnecessary litigation that will follow. The Guidance has encouraged sureties to deny application of the Common Fund Doctrine where there has been payment of a disputed subrogated claim resulting from the settlement between the parties to the underlying litigation.²⁰

Protecting your client's rights in view of *Seiniger's* guidance

In the absence of an agreement with plaintiff's surety, the most prudent course to follow for plaintiff's counsel when that surety insists on collecting its own subrogation interest, but defers resolution of Intercompany Arbitration and sits back and waits for plaintiff to convince the tortfeasor's surety of the value of the claim, is to follow the precedent set by the actual holding in *Seiniger*. If the tortfeasor's surety insists that a Med Pay subrogation claim be included in a settlement and insists upon indemnification, plaintiff's counsel should (1) make a clear record that the plaintiff objected to including the subrogation interest in the settlement of the collision case, (2) demand that any payment of the subrogation interest be made by the tortfeasor's surety directly to the plaintiff's surety by a separate check, preferably within a reason-

ably limited number of days, and (3) require the tortfeasor's surety to provide proof to the plaintiff that it has abandoned its opposition in the Intercompany Arbitration.

If the plaintiff's surety cashes the check and declines the plaintiff's subsequent demand for pro rata costs and attorney's fees, this creates the precise factual scenario that led to summary judgment for the client under the Common Fund Doctrine in *Seiniger*, and an award of additional costs and attorney's fees under I.C. § 12-121 & I.R.C.P. 54(e)(1). *Seiniger* provides clear precedent for summary judgment on a plaintiff's Common Fund Doctrine claim, and an award of additional costs and attorney's fees. In fact, under this scenario, *Seiniger's* dicta actually makes the Common Fund Doctrine claim stronger, because the plaintiff's surety ignored the Guidance. Even if the plaintiff's surety initially refuses a check from the tortfeasor's surety, unless the plaintiff's surety actually litigates its subrogation claim in Intercompany Arbitration to conclusion and it is actively opposed by the tortfeasor's surety, the plaintiff may still have a right to recover under the Common Fund Doctrine.

Associate Justice of the United States Supreme Court Robert Jackson observed "We are not final because we are infallible, but we are infallible only because we are final."²¹

Although the Idaho Supreme Court declined to reconsider its “Guidance” in *Seiniger*, it is likely not the last word on the subject.

Endnotes

1. *Heaney v. Board of Trustees*, 98 Idaho 900, 903 (Idaho 1978), 140 A.L.R. 1241.
2. *Smith v. Preston*, 99 Idaho at 622, 586 P.2d at 1066 (Idaho 1978).
3. *Stevens v. Fleming*, 116 Idaho 523, 530 (Idaho 1989), *Smith* at 622.
4. *Charles I. Friedman, P.C. v. Microsoft Corp.*, 213 Ariz. 344, 141 P.3d 824 (Ct. App. Div. 1 2006), review denied, (Dec. 6, 2006); 7 Am. Jur. 2d Attorneys at Law § 243.
5. 7 Am. Jur. 2d Attorneys at Law § 243.
6. 7 Am. Jur. 2d Attorneys at Law § 244.
7. *Cedarholm v. State Farm*, 81 Idaho 136, 338 P.2d 93 (1959).
8. *Miner v. Farmers Ins. Co.*, 116 Idaho 656, 659, 778 P.2d 778, 781 (1989).
9. *Wensman v. Farmers Ins. Co. of Idaho*, 134 Idaho 148, 151, 997 P.3d 609, 612 (2000).
10. *Boll v. State Farm Mutual Automobile Ins. Co.*, 140 Idaho 334, 92 P.3d 1081 (2004).
11. *Cedarholm*, 81 Idaho at 142, 338 P.2d at 96, citing 29 Am.Jur., Insurance, sec. 1346, p. 1008.
12. “Indeed, a requirement that the insurance company consent to the efforts of the attorney would essentially eliminate the fund doctrine by allowing insurance companies to refuse the service

If the plaintiff’s surety cashes the check and declines the plaintiff’s subsequent demand for pro rata costs and attorney’s fees, this creates the precise factual scenario that led to summary judgment for the client under the Common Fund Doctrine in *Seiniger*.

- of the attorney and then sit back and do relatively little to collect their subrogated amounts, knowing they would ultimately collect those amounts from any settlement without having to pay a proportionate share of the costs of that settlement.” *Wensman*, 134 Idaho at 152, 997 P.2d at 613.
13. *Wensman*, 134 Idaho at 152, 997 P.2d at 613.
 14. *Boll*, 140 Idaho 341-343.
 15. *Seiniger*, 145 Idaho at 245, 178 P.3d at 610.
 16. *Seiniger*, 145 Idaho at 246, 178 P.3d at 611.
 17. *Seiniger*, 145 Idaho at 250, 178 P.3d at 615.
 18. *Seiniger*, 145 Idaho at 248, 178 P.3d at 613.
 19. *Seiniger*, 249, 614.
 20. See, *Lopez v. Farm Bureau Mut. Ins. Co. of Idaho*, 148 Idaho 515, 224 P.3d 1104 (2010).

21. *Brown v. Allen*, 344 U.S. 443, 540 (1953) (concurring).

About the Author

Wm. “Breck” Seiniger, Jr. began his practice of law in Idaho in the late 1970’s. He is an honors graduate of the University of Massachusetts at Amherst, and the University of Idaho College of Law. He is a member of the bar in Idaho, Oregon, Washington, and the District of Columbia. Breck has focused his practice of law on personal injury, workers’ compensation, employment discrimination, and sexual harassment. He is also known for his special interest in the area of courtroom technology and law office technology.



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ABA Meeting Tackles Hot Issues, Brings Big Names

Deborah A. Ferguson
Idaho Delegate
to ABA House of Delegates

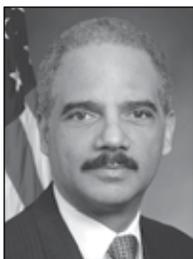
The ABA held its 2013 annual meeting in San Francisco, August 8-13, which I attended as your Idaho State Bar Delegate. I had the honor of participating as the Idaho State Bar Delegate in the House of Delegates meeting, which was convened by Robert M. Carlson (Montana), the House of Delegates Chair.

The ABA's highest honor — the ABA Medal — was presented to Hillary Rodham Clinton, Former Secretary of State. Ms. Clinton focused her remarks on the Supreme Court's recent decision in *Shelby County v. Holder*, which overturned a key provision of the Voting Rights Act of 1965. Secretary Clinton urged Congress to act quickly to protect the right to vote from discriminatory actions.



Hillary Rodham Clinton

The Attorney General of the United States, Eric H. Holder, Jr., also addressed the House and introduced a new groundbreaking Department of Justice initiative, to reduce the number of persons imprisoned in the United States for non-violent drug offenses. Attorney General Holder underscored that the United States has 25% of the



Eric H. Holder, Jr.



world's prison population, and only 5% of its people, in part because of its incarceration of non-violent drug offenders and mandatory minimum sentencing policies.

At the end of the meeting on August 12, the House of Delegates passed the presidential gavel to James R. Silkenat. Jim Silkenat is a long-standing member of the Jack-rabbit Bar, and a friend of Idaho and the western states. During his term, Silkenat will lead the ABA's development of a Legal Access Job Corps, which seeks to address both the country's growing unmet legal needs and the underemployment of recent law graduates. "Instead of looking at the dearth of legal jobs and the



James R. Silkenat

During his term, Silkenat will lead the ABA's development of a Legal Access Job Corps, which seeks to address both the country's growing unmet legal needs and the underemployment of recent law graduates.

large number of unmet legal needs as two separate silos, we will find ways to match young lawyers who need practical job experience with disadvantaged clients who need legal assistance," he said. This initiative is studying an innovative program

recently launched in South Dakota, and also holds promise in Idaho.

Literally hundreds of CLEs are offered at the annual and mid-year ABA meetings, and the best individual legal minds present on a myriad of topics covering every conceivable practice area and the latest developments in the law. These meetings provide an invaluable opportunity to hone your legal skills and meet with other attorneys across the country and partake of their fellowship in our noble profession.

The ABA has much to offer Idaho attorneys and is especially focused in recent years on delivering exceptional value to solo and small general practice firms. This includes free CLEs, and access to cutting edge technology. ABA membership will accelerate and enhance the development of your practice, and is more relevant and affordable than ever before. Membership is *free* for

These meetings provide an invaluable opportunity to hone your legal skills and meet with other attorneys across the country and partake of their fellowship in our noble profession.



new lawyers, and discounted rates are available for many other practitioners. Please look further at the benefits of joining the ABA at www.americanbar.org.

The midyear meeting is February 6-11, 2014 in Chicago, my old hometown. I will be reporting back you about that meeting, so stay posted. In the meanwhile, don't hesitate to contact me if I can answer any questions about the ABA, or refer you to ABA resources that might benefit your practice.

About the Author

Deborah A. Ferguson of *Ferguson Law & Mediation*, specializes in civil litigation and mediation. With 27 years of complex civil litigation experience, she has litigated hundreds of federal civil cases. Ms. Ferguson served as the President of the Idaho State Bar in 2011. Please contact her at (208)484-2253 or d@ferguson-lawmediation.com.



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Security on a Smart Phone With an App

Mark Bassingthwaighe

The Pew Research Center reported in 2012 that 85% of American adults own smartphones. Within this group, 80% use their smartphone to send or receive text messages, 56% use their phones to access the Internet, 50% send or receive email, and a full 29% access their bank account information or do online banking. What I found interesting about this study was that it confirmed the continued rapid transition of using smartphones instead of PCs or laptops as an online ramp to the Internet by the general public and this creates a problem that few smartphone owners seem to grasp.

The problem is this. We all view our smartphones as smartphones, when in fact a smartphone is really not a phone at all. I believe we are better served if we view smartphones as handheld computers with cell phone capabilities. Why? It's because almost all of us use these devices to access the Internet and email. Look at it this way:



Every firm that I have visited, which now exceeds 1,000, and that has a computer or network that connects to the Internet also has some type of Internet security software running. How many of us rely on similar protection with our handheld iPhones or Android devices? While I don't have any hard numbers for you, I can share that the number would be far less than 100% of smartphone users simply based upon what I am finding as I visit with lawyers all over the country. Very few have even thought about the issue.



Some will say that by design these devices are far more secure than their more robust computer cousins. Others argue that there simply aren't any actual smartphone threats in the wild. No threats, no worries. Now I'll be the first to admit that I am not a smartphone engineer or a software guru but given the incredible success of the smartphone it's only a matter of time. Consider this. Early in 2013 Apple announced that there have been over 40 billion downloads in its App Store, 20 billion occurring in 2012 alone. Google reported that they broke the 25 billion mark in their Google Play store in September of 2012. Wow!

Oh, then we have this. A number of major security firms have announced that 2013 will be the year that smartphones will finally emerge as a major target for cyber-criminals in part because so many of these phones are being used as mobile wallets. In early 2013 security firm Kaspersky Labs announced that they uncovered new malware that poses as a "cleaner" app that can free up space on Google OS.

This malware, called Droid-Cleaner actually infects both your smartphone and PC in order to spy

Should your device ever connect to the fake network these kinds of devices create consider yourself hacked.



on you. There are also devices that create what is known as a hot-spot honeypot which in essence attracts devices looking to connect to a Wi-Fi signal.

Should your device ever connect to the fake network these kinds of devices create, consider yourself hacked. So, perhaps it isn't a matter of time after all. Perhaps the threats are not only real, but active now. Perhaps we are being foolish by not

properly securing our handheld computers we call smartphones.

What's one to do? Begin by downloading a security app of some sort. These types of programs offer a wide range of protection. Some even include functions such as encryption capabilities and/or the ability to wipe all data from the device after a certain number of failed login attempts or even enable a remote wipe of a lost or stolen device. Regardless, make sure that you include an app that provides protection against malicious attacks to include spyware. For the iPhone world, you might consider apps such as VirusBarrier which is an on-demand file and website scanner; Mobile Active Defense which filters incoming email in an effort to protect you from spam, phishing attacks, and malware; and Find My iPhone which is an iCloud service that allows you to remotely lock and/or wipe the phone if it is ever lost or stolen. In the Android world, you might consider AVG Antivirus Pro which is something of a full service security and theft protection suite; Lookout Mobile Security - think LoJack for the mobile phone; or Norton Mobile Security. There are a number of other worthy options in both worlds and if you are a BlackBerry user, rest assured similar apps are available for you as well.

Avoid open public Wi-Fi networks as much as possible.

Always turn off Bluetooth and Wi-Fi when not specifically in use.

Going beyond the security app step, also remember to use power on passwords and enable auto-lock features. If able, use a strong password that is a combination of uppercase and lowercase letters, numbers, and symbols, and is a minimum of eight characters long. Avoid open public Wi-Fi networks as much as possible. Always turn off Bluetooth and Wi-Fi when not specifically in use. If you use your smartphone to connect to your firm's network, only connect to the network through a VPN connection. As with your other computers, backup your data as smartphones do get lost, are stolen, and sometimes get destroyed. Accidents do happen. Never give the device away,

recycle it, or just toss it without first wiping the data from the device. Finally, never allow someone to use your device outside of your view. You just never know what they'll try to do.

About the Author

Mark Bassingthwaighte has been a Risk Manager with ALPS since 1998. In his tenure with the company, Mr. Bassingthwaighte has conducted over 1000 law firm risk management assessment visits, presented numerous continuing legal education seminars throughout the United States, and written extensively on risk management and technology. Mr. Bassingthwaighte received his J.D. from Drake University Law School and his undergraduate degree from Gettysburg College.

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Ten Steps to Build Better Briefs: Part II

Tenielle Fordyce-Ruff

Last month we started the 10 steps to building better briefs. We covered the first five, finishing the sentence level tips and beginning the paragraph level tips. This month, we will continue that discussion, by finishing up the tips for better paragraphs and finally getting to the tips for the entire brief.

Paragraph level

Great paragraphs are organized, unified, and cohesive. The reader knows what's coming because the paragraphs begin with a topic sentence (tip 5) and recognizes that the paragraph will build support for that topic by becoming more specific (tip 4). Great paragraphs also use specific details and use quotations effectively.

6. Use specific details to support the idea

Briefs are not designed for casual reading. No one expects to lie on a beach, sip a cool beverage, and crack open the latest and greatest brief filed before the Supreme Court. Instead, briefs are designed to persuade the reader that the position and analysis advocated by the writer are sound.



Using specific details to prove the point you made in your topic sentence, and linking them to your point, can help your paragraphs do their job. Repeating the key terms you want to emphasize also helps build a better paragraph.

Police may approach a person in public without triggering Fourth Amendment protections; however, some otherwise consensual encounters may transform into a seizure. A seizure under the



Fourth Amendment arises when, in view of the totality of circumstances surrounding an incident, a reasonable person would not feel that he is free to leave. The totality of the circumstances test requires courts to weigh multiple factors including show of authority, display of weapons, touching by police, use of language, and use of tone in voice. However, not all factors need receive the same relevance or weight by the court. Thus, the significance of one factor, based on the circumstances, can point the court persuasively to conclude that a seizure occurred.

Repeating certain words and moving from the more general statement of police authority to the more specific way in which courts can balance the factors both help support the topic sentence that certain police actions transform from consensual encounters to seizures.

7. Introduce, integrate, and analyze quotations

And the final paragraph level tip: If you use a quotation, make it work

Instead, briefs are designed to persuade the reader that the position and analysis advocated by the writer are sound.

with the rest of your paragraph. Remember, you are expecting your reader to understand and digest hours and hours of research within a single paragraph. You may have found a quotation that perfectly supports your point, but it's likely you didn't realize what a gem that quote was until after you had spent a lot of time slogging through cases in your research process. Don't expect your

reader to have the same level of understanding you do.

Take, for example this quote about the notice required to satisfy due process requirements.

*Notice without opportunity to be heard would be a vain thing. The office of notice is to afford an opportunity for a hearing, and the two must necessarily go together. There can be no due process of law without fair and reasonable opportunity for a hearing on the matter in dispute.*¹

The quote is not very persuasive on its own. However, explaining the significance of the quote makes its use much more effective.

The notice element of the due process analysis is not notice of a procedure that someone else may invoke to protect their property rights. Rather, the notice required is notice of a procedure that the holder of the property right could have taken to protect his own property right in the license. As one court noted: “Notice without opportunity to be heard would be a vain thing. The office of notice is to afford an opportunity for a hearing, and the two must necessarily go together. There can be no due process of law without fair and reasonable opportunity for a hearing on the matter in dispute.”

Notice how placing the quote in context made it more powerful and made the author’s point more understandable.

Brief level

8. The thesis should explain rather than describe

Every sentence counts in persuasive writing. Instead of using the thesis paragraph to announce the issues the brief will cover, explain why your client should prevail. This seems fairly basic, but many writers compose the thesis paragraphs late in the writing process. They are tired and feel like they have already

Every sentence counts in persuasive writing. Instead of using the thesis paragraph to announce the issues the brief will cover, explain why your client should prevail.



explained their point. (The writer probably has, but the reader won’t read the brief in the order the author composed it.) Thus, a good brief begins with a thesis paragraph that provides coherence and explanation for the entire brief.

Compare these two openings:

This motion asks the court to decide a statute of frauds issue and an election of remedies issue. The Defendants should prevail on both issues.

This thesis does nothing more than alert the reader to the two general issues before the court.

While there are many disputed facts regarding whether the Defendants and the Plaintiffs had a meeting of the minds sufficient to enter into a contract, those facts are not before the Court today. Rather, this motion presents the Court with two legal issues, and the facts underlying those legal issues are not in dispute. This motion asks the Court first to determine whether the legal description that appears in the parties’ alleged contract for the purchase and sale of real property satisfies Idaho’s strict and exacting statute of frauds. Should this description satisfy the statute of frauds, this motion next asks the Court to determine whether, by filing their complaint prior to the time for Defendants’ time for performance under the alleged contract, the Plaintiffs elected the remedy of damages for breach of contract under the doctrine of election of remedies.

This thesis paragraph better sets the stage for the entire brief.

9. Introduce the arguments with a roadmap

Additionally, writers should orient the reader as to the big picture of the entire brief or the entire section. A good roadmap paragraph can help the reader understand the structure of the argument and signals to the reader which elements or factors are critical.

Compare these two roadmap paragraphs discussing the same issues:

Defendants are entitled to summary judgment as to the statute of frauds claim because the offers lack a legal description. In the alternative, they are entitled to summary judgment as to the claim for specific performance because of the timing of the suit.

That paragraph lays out the issues, but doesn’t tell the reader why the Defendant is entitled to summary judgment. Likewise, it doesn’t explain what facts are particularly important for the analysis that will follow.

Defendants are entitled to summary judgment as a matter of law against the Plaintiffs because the September offer and subsequent counteroffers lack a legal description of the real property and, therefore, are not enforceable under the statute of frauds. In the alternative, should the Court determine that the September offer and subsequent coun-

teroffers are enforceable in spite of the missing legal description, Defendants are entitled to summary judgment as to the claim for specific performance because the Plaintiffs elected the remedy of seeking damages for breach of contract when they filed their complaint prior to the time for closing the sale of the real property.

The second thesis paragraph explains the argument, the legal justification, and the facts that are particularly important to the argument. After reading this, the reader is better prepared understand the argument in the brief.

10. Build connections among your ideas

Finally, great briefs also have flow — the ideas blend seamlessly and the reader always knows what to expect. Achieve this flow by connecting every paragraph to the paragraphs before and after it.

One great technique for creating this connection is building bridges between the paragraphs: begin a paragraph with an idea from the previous paragraph.

Boundary by agreement requires two elements: (1) an uncertain or disputed boundary; and (2) a subsequent agreement fixing the boundary. Ignorance of the boundary suffices to show uncertainty. Conduct of the landowners and the related circumstances may imply an agreement. Id. The existence of a long-standing fence may imply an agreement, and guides the Court in two presumptions.

First, the law presumes an agreement fixing the fence line as the boundary when coterminous landowners treated it as the boundary for a long enough time that neither could deny the accuracy of its location. Second, the fence was originally established as the boundary by agreement where no evidence indicating the purpose of the original location exists. Thus, the existence and recognition of a fence as a boundary suggests

Finally, great briefs also have flow — the ideas blend seamlessly and the reader always knows what to expect.

the fence was located as a boundary by agreement, absent contrary evidence.

Notice how the second paragraph continues the idea of two presumptions from the last sentence of the first paragraph.

Another technique to create connection is using signposts. Signposts are simple words that help link ideas and help move the reader between elements or factors within a single issue. They work best when the number of ideas is introduced in the thesis or mini-thesis paragraph.

For instance, you could begin a section of a brief by stating:

There are four exceptions to the statute of frauds, and three do not apply.

This sets the reader up for a discussion of four separate ideas. Then, you would move between the exceptions by writing:

The first exception that does not apply is . . .

The second exception that does not apply is . . .

The third exception that does not apply is . . .

The fourth exception applies . . .

But remember that signposts are most effective when they are used consistently. *First, second, third; or first, next, last.* Readers can become confused when the phrasing of signposts changes.

Conclusion

Put the ten tips from my last essay and this essay into practice by editing for each tip. I'm sure you will see improvement in your persuasive writing.

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Endnotes

- 1 *Simpson v. Stanton*, 193 S.E. 64, 67 (W. Va. 1937).

About the Author

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ISB commissioner profiled in magazine

Trudy Hanson Fouser was profiled in the Mountain States Super Lawyers magazine this summer. It noted her history as lead counsel in 50 civil jury trials and her position as associate of the American Board of Trial Advocates, the first female attorney from Idaho honored in that role.

“I just became hooked,” Fouser was quoted in the article, talking about her love for litigation. “I have done nothing but litigation for 30 years,” she said.

The article also notes how her paralegal of 23 years, Margaret Mehl, has provided invaluable assistance. “She doesn’t hesitate to tell me when she thinks I’m absolutely wrong, which is refreshing,” says Fouser.

The article was prepared before Fouser was elected as commissioner of the Idaho State Bar.



Trudy Hanson Fouser

ISB’s Mahmood Sheikh selected for national committee

Idaho State Bar Deputy Executive Director Mahmood Sheikh has been asked to serve on the Scholarship Committee for the National Association of Bar Executives, or NABE. He was appointed in July to serve as a vice chair of the committee in 2013-14, and will serve as chair in 2014-15. The Scholarship Committee considers applications for financial assistance to attend NABE events. The seminars and training sessions are essential for bar organizations across the country.



Mahmood Sheikh

Foley Freeman welcomes attorney

Foley Freeman is pleased to announce the addition of Robin M. Long to the firm. Ms. Long will be working in the firm’s Nampa office, focusing on both consumer and business bankruptcy, criminal law, family law and civil litigation. Ms. Long has been a member of the bar since 1995, when she served as a deputy prosecuting attorney for Ada County. She began practicing bankruptcy and tax law with Martelle Law Offices in 2004, and most recently worked for the firm of Bauer and French, where she continued her bankruptcy practice.

Ms. Long graduated from Boise State University in 1989 with a B.S. in Criminal Justice. She received her J.D. from the University of Idaho College of Law in 1994.



Robin L. Long

Benoit, Alexander, Harwood & High LLP adds partner

Bren E. Mollerup has become a partner of the firm of Benoit, Alexander, Harwood & High, LLP. Mr. Mollerup is a graduate of the University of Utah (B.A.) and Drake University (J.D.). He joined the firm in 2009 after serving as a Law Clerk to the Honorable Fifth District Judge Randy J. Stoker. Mr. Mollerup’s practice is concentrated on civil litigation with an emphasis on insurance defense, commercial litigation, product liability and employment law. Mr. Mollerup’s practice also includes general business and estate planning.



Bren E. Mollerup

Hawley Troxell welcomes two attorneys

Hawley Troxell is pleased to announce that Matthew Bradshaw and Dustin Liddle have joined the firm’s Boise office as associate attorneys. They started in August.

“We are happy to welcome Matthew and Dustin to the firm. They will be great additions to our business and finance groups,” said Managing Partner, Steve Berenter.

Bradshaw, an Idaho native, received his J.D. from William & Mary School of Law in May 2013 and his B.S. in business management from the Marriott School of Management, Brigham Young University in 2009. He worked as a summer associate at Beard St. Clair Gaffney in Idaho Falls, Idaho and Step-toe & Johnson in Bridgeport, West Virginia in 2012. He also served as a chapter president of the J. Reuben Clark Law Society and is currently a member.

Liddle received his J.D. from the University of Chicago Law School in June 2013, and his B.S. in accounting from the University of Oregon in 2009. He served as a summer honors law clerk at the Securities and Exchange Commission and a legal extern for the Internal Revenue Service in 2012. He has also completed all of the requirements for his CPA license and is currently in the process of obtaining his license in Idaho.



Matthew Bradshaw



Dustin Liddle

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1. Publication Title The Advocate		2. Publication Number 0 5 1 5 4 9 8 7		3. Filing Date September 16, 2013	
4. Issue Frequency Monthly except July and December.		5. Number of Issues Published Annually 10		6. Annual Subscription Price \$45.00	
7. Complete Mailing Address of Known Office of Publication (Not printer) (Street, city, county, state, and ZIP+4®) 525 West Jefferson Street, Boise, Ada County, ID 83702				Contact Person Dan Black (Telephone (include area code) (208) 334-4500	
8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not printer) P.O. Box 895 Boise, ID 83701-0895					
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do not leave blank)					
Publisher (Name and complete mailing address) Idaho State Bar P.O. Box 895 Boise, ID 83701-0895					
Editor (Name and complete mailing address) Dan Black, Idaho State Bar P.O. Box 895 Boise, ID 83701-0895					
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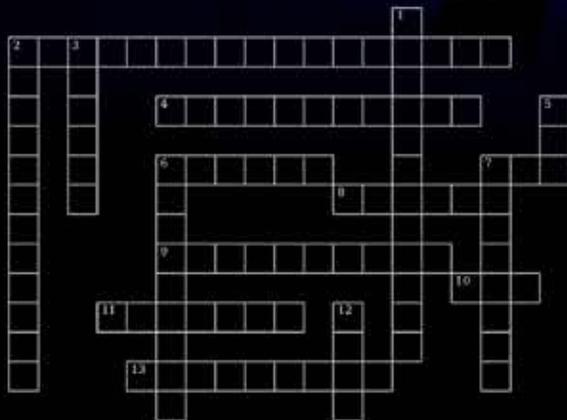
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2. "Human hacking." A low-tech skillset utilized by hackers that exploits human trust, often part of email scams.
4. The "free space" on a hard drive where deleted files can be found.
6. A type of "virus-network" that utilizes infected victims for combined computing, DDOS attacks, and more.
7. Format of cell-phone picture messages.
8. On Android devices, databases of evidentiary value are stored in this format.
9. Extra space at the end of a file where deleted data can exist.
10. Algorithm used to ensure evidence integrity; the "data fingerprint."
11. Type of container used to shield seized mobile devices from radio waves.
13. Verb: to gain administrative access on an iOS device.



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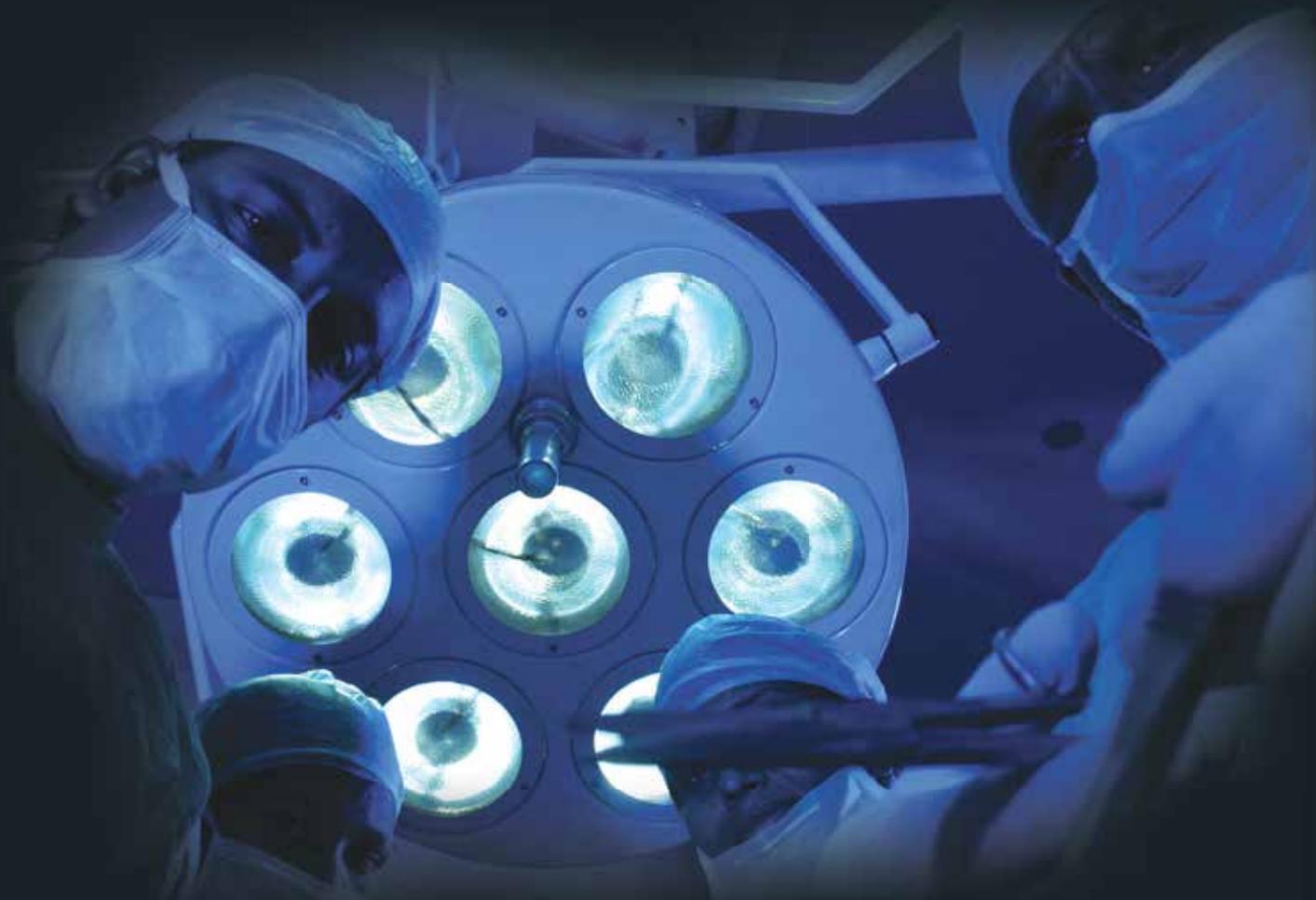
1. Hardware device used to ensure that evidence drives are not contaminated during acquisition.
2. A common web vulnerability where a hacker executes malicious code to alter a database.
3. The first piece of hardware a forensic examiner reaches for when responding to a computer-crime.
5. Text message format, limited to 160 characters.
6. Term for forensic disk images containing every bit of an evidence drive.
7. "Hidden" data such as date-time stamps and GPS coordinates, often part of picture files.
12. Newer type of cryptographic hash, also used to verify evidence integrity.

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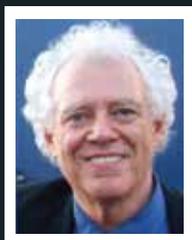
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