Can In-House Counsel Be Trusted With Access to a Competitor's Confidential Information?: U.S. Steel Corp. v. United States

Marie J. McIntyre
CAN IN-HOUSE COUNSEL BE TRUSTED WITH ACCESS TO A COMPETITOR'S CONFIDENTIAL INFORMATION?: U.S. STEEL CORP. v. UNITED STATES

In a typical dumping or countervailing duty investigation, the International Trade Commission (ITC) and the Commerce Department require access to sensitive commercial information.\(^1\) Al-


Dumping takes place when exported merchandise is sold at a price below the value at which the product is sold in the seller's home market. S. REP. No. 249, 96th Cong., 1st Sess. 37-38, reprinted in 1979 U.S. CODE CONG. & AD. NEWS 381, 423-24 [hereinafter cited as SENATE REPORT]. This type of price-cutting can cause great damage to domestic competitors and can have a detrimental effect on the tariff structure of the importing country. See Smith, Export Subsidies of the Caribbean Basin and a Proposed Revision of International Rules Regarding Countervailing Duties, 4 INT'L TRADE L.J. 124, 125 (1978); see also Butler, Countervailing Duties and Export Subsidization: A Re-emerging Issue in International Trade, 9 VA. J. INT'L L. 82, 83 (1969) (subsidies give exporters unfair competitive advantage over local manufacturers); Ehrenhaft, What the Antidumping and Countervailing Duty Provisions of the Trade Agreements Act [Can] [Will] [Should] Mean for U.S. Trade Policy, 11 LAW & POL'Y INT'L Bus. 1361, 1362 (1979) (injury results from sales below cost). Thus, duties are imposed on foreign products when they are sold in the United States at less than fair value. Ehrenhaft, supra at 1362; Re, Litigation Before the United States Court of International Trade, 26 N.Y.L. SCH. L. REV. 437, 450-51 (1981).

The same potential for injury to domestic competition forms the basis for countervailing duties, which are imposed on foreign merchandise sold in the United States at low prices, reflecting subsidies paid to the exporter. SENATE REPORT, supra, at 37, reprinted in 1979 U.S. CODE CONG. & AD. NEWS at 423; Re, supra, at 450-51; Smith, supra, 125. These subsidies may be furnished by foreign governments, individuals, corporations or associations. 1 P. FELLER, U.S. CUSTOMS AND INTERNATIONAL TRADE GUIDE § 17.01, at 17-3 (1984).

In order to impose an antidumping duty, the Department of Commerce must evaluate whether the "foreign merchandise is being . . . sold in the United States at less than its fair value." 19 U.S.C. § 1673(1) (1982); Re, supra, at 451. Fair value is evaluated by a comparison to the market price of similar items in the importer's domestic market or in the markets of other countries. SENATE REPORT, supra, at 37, reprinted in 1979 U.S. CODE CONG. & AD. NEWS at 423; 1 P. FELLER, supra, § 18.03, at 18-6. The Commerce Department evaluates the need for countervailing duties by determining whether foreign subsidies are being received by the importer. 19 U.S.C. § 1671(a)(1) (1982); Re, supra, at 451-52.

After a finding is made by the Commerce Department that dumping has occurred or that subsidies have been received, the International Trade Commission (ITC) must deter-
though these agencies may use this information in determining the necessity and the amount of a duty assessment,\(^2\) those submitting
the data often are promised that it will be kept confidential.\(^3\) The
Court of International Trade has the power to review agency deter-
minations that are alleged to be supported by insufficient evidence
in the administrative record.\(^4\) Since any material used by the

mine whether there has been material injury or the threat of material injury to a United
States industry. 19 U.S.C. § 1671(a)(2) (1982); Re, supra, at 452. Material injury is defined as “harm which is not inconsequential, immaterial, or unimportant.” 19 U.S.C. § 1677(7)(A)
(1982). In making the material injury determination, the ITC must consider the volume of
imports, the impact of the imports on domestic prices for similar merchandise, and the im-

\(^2\) See Garfinkel, supra note 1, at 467; Note, Technical Analysis of the Antidumping
Agreement and the Trade Agreements Act, 11 Law & Pol’y Int’l Bus. 1405, 1430-31
(1979). There are various points in the administrative process where foreign and domestic
manufacturers and producers are called upon to disclose information that may be valuable
to competitors. See generally Garfinkel, supra note 1, at 467-69 (competitive position vul-
nerable if sensitive information is disclosed). For example, in order to determine whether
“dumping” has occurred, the Commerce Department will require information from the for-

\(^3\) See, e.g., Atlantic Sugar Ltd. v. United States, 85 Cust. Ct. 114, 114 (1980); Connors
Steel Co. v. United States, 85 Cust. Ct. 112, 112 (1980). Both foreign and domestic busi-
nesses have a substantial interest in assuring that the information they submit is used solely
for agency purposes. See Note, supra note 1, at 400 & n.2. Accordingly, both the ITC and
the Commerce Department have promulgated regulations to determine when they will dis-
lose information that has been categorized as “confidential.” See Garfinkel, supra note 1, at
472-76. Businesses are particularly concerned that trade secrets not be disclosed to their
competitors. See Note, Constitutional Limitations on Government Disclosure of Private
Trade Secret Information, 56 Ind. L.J. 347, 347 (1981) (value of information “arises from
the competitive advantage associated with a competitor’s ignorance”). Ironically, it is usu-
ally competitors who need the information to challenge the agency’s determination. Garfin-
kel, supra note 1, at 484-85; see infra note 37; cf. Note, supra at 347-50 (business use of
Freedom of Information Act to reveal competitors trade secrets).

(1982)). Review by the Court of International Trade may be sought by “an interested party
who is a party to the proceeding in connection with which the matter arises.” 19 U.S.C. §
1516a(a)(1)-(3) (1982). “Interested party” is defined as:

(A) a foreign manufacturer, producer, or exporter, or the United States im-
porter, of merchandise which is the subject of an investigation under this subtitle
or a trade or business association a majority of the members of which are import-
agency to reach a decision becomes part of the administrative record, the parties to the litigation in the Court of International Trade may desire that this material be divulged. If the information is necessary to further the ability of the parties to challenge the action of the agency, the Court has the power to disclose the record, including any confidential material contained therein. Fre-
quently, the Court will prohibit viewing of the confidential parts of
the agency record by anyone other than the attorneys for the party
requesting access.6 Recently, in *U.S. Steel Corp. v. United States*,9
the Court of Appeals for the Federal Circuit resolved that the
Court of International Trade may not deny attorneys access to the
administrative record solely on the basis of their status as in-house
counsel.10

In *U.S. Steel*, United States Steel Corporation (U.S. Steel)
claimed that determinations of countervailing duties owned on car-
bon plate steel from South Africa and Brazil were not supported
by substantial evidence.11 To litigate this claim, U.S. Steel asserted
it needed access to the administrative record, including financial,
production, and sales data gathered by the agencies.12 The South
African and Brazilian competitors of U.S. Steel that had submitted
the information contested disclosure on the ground that the mate-
rial was confidential.13

Upon *in camera* inspection, the Court of International Trade
found that there was “revealing” data in the administrative rec-
ord.14 Applying a balancing test, Judge Watson concluded that

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6 See, e.g., Nakajima All Co. v. United States, 2 Ct. Int’l Trade 170, 176 (1981); Japan
Eshlan Co. v. United States, 1 Ct. Int’l Trade 286, 288 (1981); Atlantic Sugar Ltd. v. United
States, 85 Cust. Ct. 114, 116 (1980). A typical protective order contains provisions similar to
the order in Connors Steel Co. v. United States, 85 Cust. Ct. 112 (1980), in which: (1) dis-
closure was limited to lawyers and office personnel working on the litigation; (2) those who
obtained the information could not discuss it with anyone except those authorized by the
order; (3) no copies could be made except as required for the litigation; (4) the material was
to be returned to opposing counsel at the conclusion of the litigation; and (5) the terms
could be modified only with the consent of the defendant or according to a subsequent court
order. Id. at 113. Consultation with experts is also often restricted unless counsel for the
defendant agrees to the “suitability of such experts.” Freres Corp. v. United States, 554 F.
Supp. 1246, 1249 (Ct. Int’l Trade 1982); Rhone Poulenc, Inc. v. United States, 2 Ct. Int’l
Trade 116, 118 (1981). In addition, the Court may require the expert to promise not to
disclose the material and to submit himself to the jurisdiction of the Court of International
Trade. See, e.g., *Japan Eshlan Co.*, 1 Ct. Int’l Trade at 288.

Nevertheless, should the court find it necessary, the court has the power to deny access

7 730 F.2d 1465 (Fed. Cir. 1984).
8 See id. at 1467, 1469.
9 United States Steel Corp. v. United States, 569 F. Supp. 870, 871 (Ct. Int’l Trade
1983).
10 Id. at 871.
11 Id.
12 Id. Writing the opinion of the Court, Judge Watson stated that disclosure of the
information beyond the litigation could result in “significant harm,” to U.S. Steel’s competi-

U.S. Steel’s need for access to the information outweighed the competitor’s need for confidentiality. The Court, however, noted a factor that complicated its decision: The request for disclosure was made by the in-house counsel for U.S. Steel. Judge Watson observed that within the confines of the sustained and intimate relationship between in-house counsel and the corporation, unintentional disclosure by in-house counsel to its client would be impossible to prevent. In addition, the Court held that requiring U.S. Steel to retain outside counsel if it wished to pursue the litigation would not be an unreasonable request. Notably, subsequent to the Court’s holding, U.S. Steel voluntarily dismissed the action.

In an interlocutory appeal, the Court of Appeals for the Federal Circuit addressed a certified question that arose from the de-
cision of Republic Steel Corp. v. United States.\textsuperscript{22} In Republic Steel, the Court of International Trade followed its earlier opinion in U.S. Steel.\textsuperscript{23} The Federal Circuit vacated and returned Republic Steel after determining that “access may [not] be granted to retained and denied to in-house counsel solely on a presumption that inadvertent disclosure by the latter is more likely.”\textsuperscript{24}

Writing for the majority, Chief Judge Markey recognized that no specific group of lawyers is more or less likely inadvertently to disobey a protective order.\textsuperscript{26} The court resolved that individual activities, associations, and relationships with a party must be considered to determine the likelihood of inadvertent disclosure.\textsuperscript{26} The majority observed that both retained and in-house counsel are subject to the Code of Professional Responsibility and are officers of the court.\textsuperscript{27} Moreover, the court found that protective orders can be formulated “in light of the particular counsel’s relationship and activities” with the client.\textsuperscript{28} Finally, Chief Judge Markey added that the court’s decision did not affect the ITC rule barring in-house counsel from receiving confidential information in administrative proceedings.\textsuperscript{29}

In dissent, Senior Circuit Judge Nichols opined that Judge Watson avoided conflicting rules by keeping the procedure of the

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  \item which there is a substantial ground for difference of opinion and that an immediate appeal from that order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.
\end{itemize}

\textit{Id.}

\textsuperscript{23} See id. at 276. Judge Watson, writing the memorandum opinion and order of Republic Steel, “incorporate[d] [the] opinion” of U.S. Steel. See id.
\textsuperscript{24} 730 F.2d at 1469. The decision of the Federal Circuit merely nullified the basis for denial given by the Court of International Trade, it did not reverse the denial of access. \textit{Id.}
\textsuperscript{25} See id. at 1468.
\textsuperscript{26} See id. The Federal Circuit recognized that some retained counsel serve in a variety of capacities for their clients. See id. Chief Judge Markey cited occasional membership by retained counsel on the corporate board of directors as an example of such close relationships.
\textsuperscript{27} See id. The majority described in-house counsel’s position as “provid[ing] the same services and [being] subject to the same types of pressures as retained counsel.” See id. The court noted that both must avoid inadvertent disclosure. See id.
\textsuperscript{28} See id. The Federal Circuit reasoned that individual circumstances must govern the development of a protective order rather than the status of counsel. See id. The court concluded that if in-house counsel took part in competitive decisionmaking, the party seeking access could be compelled to seek outside counsel or be denied access. See id.
\textsuperscript{29} See id.
Court in conformity with that of the ITC.\textsuperscript{30} The dissent noted that those who originally supplied the information did not want it to be given to in-house counsel.\textsuperscript{31} In addition, Judge Nichols foresaw that the scrutiny of counsel’s relationship with business policy that would have to be performed could cast doubt on the competency of members of the court’s bar.\textsuperscript{32} Thus, the dissent set forth the following alternatives to the procedure adopted by the majority: denial to all counsel if information is sensitive enough for denial at all, and the use of an expert to inform the Court of the contents of the documents without revealing business secrets.\textsuperscript{33}

Although trade secrets are not privileged,\textsuperscript{34} their confidentiality generally has been protected by the courts.\textsuperscript{35} Obviously, the greatest need for protection exists when disclosure is sought by a competitor of the owner of the trade secret.\textsuperscript{36} The Court of Inter-

\textsuperscript{30} See id. at 1469 (Nichols, J., dissenting).

\textsuperscript{31} See id. (Nichols, J., dissenting). Judge Nichols reasoned that the opinions of those who originally supplied the information are important because if they decide that the litigation is unfair, these parties will withdraw from the forum and seek retaliatory action against United States trade by their own government. See id. (Nichols, J., dissenting).

\textsuperscript{32} See id. at 1469-70 (Nichols, J., dissenting). The dissent contended that “[t]he CIT judge will have to lay out a pretty rigid method of trial of this issue, one that will keep things within seemly limits and not take forever to implement, thus limiting the damage to what is endurable.” Id. at 1470 (Nichols, J., dissenting).

\textsuperscript{33} See id. (Nichols, J., dissenting). Judge Nichols observed that if a party refused to retain outside counsel, justice would not be denied. See id. (Nichols, J., dissenting). Rather, the dissent argued that the result would be that the party would be denied the benefit of in-house counsel’s advocacy. See id. (Nichols, J., dissenting). Judge Nichols concluded that in such a case, the court must examine the material “in camera, and arrive at a just and lawful decision.” Id. (Nichols, J., dissenting).

\textsuperscript{34} Maritime Cinema Serv. Corp. v. Movies En Route, Inc., 60 F.R.D. 587, 590 (S.D.N.Y. 1973); La Chemise Lacoste v. General Mills, Inc., 53 F.R.D. 596, 605 (D. Del. 1971), aff’d, 487 F.2d 312 (3d Cir. 1973); Note, supra note 3, at 347. Once a trade secret is disclosed, there is no way to prevent further public dissemination. Note, supra note 3, at 347.


\textsuperscript{36} See Note, supra note 3, at 347. Certain types of “trade secrets” are more dangerous in the hands of a competitor than are other trade secrets; for example, patents, secret processes, and customer lists have been deemed worthy of more careful protection. See, e.g., Covey Oil Co. v. Continental Oil Co., 340 F.2d 993, 999 (10th Cir.), cert. denied, 380 U.S. 964 (1965); United States v. American Optical Co., 39 F.R.D. 580, 586 (N.D. Cal. 1966); American Oil Co. v. Pennsylvania Petroleum Prods. Co., 23 F.R.D. 680, 683-84 (D.R.I. 1959).
national Trade is often called upon to determine the propriety of disclosure to business competitors, as they are most often the parties with standing to oppose an antidumping or countervailing duty determination. In U.S. Steel, the Federal Circuit rejected the view that "it is humanly impossible to control the inadvertent disclosure of some confidential information in any prolonged working relationship." This Comment will explore the validity of this judgment and conclude that mechanically precluding in-house counsel from involvement in litigation before the Court of International Trade whenever there is confidential material involved is an unnecessary interference with the party's right to choose counsel. In addition, the Comment will show that the case by case approach of U.S. Steel is consistent with tests used in areas of the law where confidential material is guarded strictly.

The U.S. Steel court recognized that the role of corporate counsel varies according to the organization involved and the individual attorneys concerned. For example, U.S. Steel claimed that

Conversely, certain factors make it less crucial to protect a trade secret. For instance, an older secret is not as valuable. United States v. American Optical Co., 39 F.R.D. 580, 586 (N.D. Cal. 1966). Recent changes in the Court of International Trade have created an expeditied procedure whereby court review is achieved within a few months, and this increases the risk that information contained in the record will still be valuable.

See 19 U.S.C. § 1516a (1982). Foreign or domestic manufacturers, producers and exporters or importers of a "like product" to the one under investigation by the ITC and the Commerce Department constitute the majority of the "parties in interest" with standing to seek judicial review of a dumping determination. See id.; supra note 4.

One commentator stated that the possibility of obtaining confidential information from the Court of International Trade operates as a motivating factor to the initiation of suits for judicial review. Garfinkel, supra note 1, at 484-85. A similar problem has arisen under the Freedom of Information Act (the FOIA). Government agencies are provided information by the business community. All information in the files of an agency is obtainable by any member of the public under the FOIA. See 5 U.S.C. § 552 (1982). It has been noted that the FOIA has been misused and that a great percentage of the requests under the FOIA are made by competitors of the corporation that submitted the information. Note, supra note 3, at 347-50.

730 F.2d at 1467 (quoting U.S. Steel, 569 F. Supp. at 872). The Court of International Trade, in U.S. Steel, believed that the protracted interaction between in-house counsel and its corporate employer would render inevitable disclosure of some confidential material. See 569 F. Supp. at 872. The court acknowledged that a similar set of circumstances could exist in some situations where retained counsel is involved. See id. The court concluded, however, that it would be impossible to have adversary proceedings if outside counsel were disqualified on this basis. See id.

730 F.2d at 1468; see J. DONNELL, THE CORPORATE COUNSEL 77 (1970); supra note 26 and accompanying text. There are conflicting views of the role a corporate lawyer should take in resolving business problems. J. DONNELL, supra, at 77. Some commentators are of the opinion that the corporate lawyer should volunteer his opinion whenever it would be helpful. Id.; see Ferrara & Steinberg, The Role of Inside Counsel in the Corporate Account-
in-house counsel confined their activity to a well-defined group of purely legal services and did not participate in decisionmaking or the formulation of policy.\textsuperscript{40} Similarly, many other corporations have legal departments that are large enough to permit complete functional differentiation.\textsuperscript{41} However, many corporations also retain outside counsel with an expectation that the attorney will become involved in policymaking and business decisions.\textsuperscript{42}

\textit{ability Process}, 4 Corp. L. Rev. 3, 3 (1981) (corporate counsel helps to determine corporate policy). Others believe that the lawyer should volunteer an opinion only if invited to contribute, while some view the corporate lawyer's role as limited to one of legal guidance without contributions to business problems even if solicited. J. Donnell, supra, at 77. In 1976, the Chief Executive Officer of Southern Bell remarked to the Committee on Corporate Law Forums at the annual American Bar Association meeting that he expected his corporate counsel to "combine legal expertise with business experience, or perhaps a better term is business exposure—our business." Rast, \textit{What the Chief Executive Looks for in his Corporate Law Department}, 33 Bus. Law. 811, 813 (1978). Furthermore, Rast emphasized that these attorneys should take an active role in the decisionmaking process by volunteering their opinions in operating matters. See id. at 814. The caveat added by this chief executive officer was that the attorneys should volunteer opinions only "to the extent that it draws on [their] professional knowledge." Id. At times, inside counsel is expected to be an integral part of a corporation with a keen eye toward maximizing profit and not the "keeper of the corporate conscience." Hershman, \textit{Special Problems of Inside Counsel for Financial Institutions}, 33 Bus. Law. 1435, 1436 (1978). Various corporations encourage involvement by corporate attorneys in the business sphere. E.g., F.T.C. v. Exxon Corp., 636 F.2d 1336, 1350 (D.C. Cir. 1980) (corporate counsel former member of board of directors of corporation); F.T.C. v. United States Pipe & Foundry Co., 304 F. Supp. 1254, 1261 (D.D.C. 1969) (attorney also secretary of corporation); see also \textit{In re Westinghouse Elec. Corp. Uranium Contracts Litig.}, 76 F.R.D. 47, 57 n.6 (W.D. Pa. 1977) (corporate counsel usually consulted in atmosphere of both business and law). The "team player" attitude, however, may not be as pervasive in extremely regulated institutions such as the financial industry. Hershman, supra, at 1436.

\textsuperscript{40} Lempert, supra note 16, at 5, col. 3. The corporate counsel for U.S. Steel pursued activities that included "advis[ing] management on legal consequences, ensur[ing] compliance with laws and regulations, and hand[ing] corporate litigation." Id.

\textsuperscript{41} See Lempert, supra note 40, at 5, col. 3 (Bethlehem Steel); see also Ferrara & Steinberg, supra note 39, at 22 (inside counsel acting as director should participate at board meeting only in the capacity of counsel); Wilczek, \textit{Corporate Confidentiality: Problems and Dilemmas of Corporate Counsel}, 7 Del. J. Corp. L. 221, 241 (1982) (in-house counsel's files should be maintained separately); cf. Ferrara & Steinberg, supra note 39, at 22 (independent professional judgment must be adhered to even if opposes predominant view of management or board of directors); Hershman, supra, note 39, at 1450 (impossible dual role of legal advisor and board director when expected to make business decisions on board).

\textsuperscript{42} See Wilczek, supra note 41, at 239. Because of professional responsibilities, restrictions may be placed on attorneys in private law firms concerning their involvement in corporate management. See, e.g., Cutler, \textit{The Role of the Private Law Firm}, 33 Bus. Law. 1549, 1552 (1978). For example, a limitation imposed by one law firm prohibited an attorney from becoming a director in any corporation if the law firm "act[ed] as principal outside counsel or as securities law counsel." Id. A further limitation to avoid disclosure of competitive secrets is to disallow directorships of corporations in the same industry as other clients. Id.
tion to allowing disclosure to in-house counsel in instances where the actual risk of unwarranted disclosure is not increased, the U.S. Steel court has avoided setting the dangerous precedent of relaxing the right of outside counsel to receive information without an adequate investigation into the true relationship and the concomitant likelihood of disclosure.

There are a number of factors that mitigate the danger of disclosure by inside counsel. As noted by the U.S. Steel court, in-house counsel is under a duty equivalent to that of any attorney to act as an officer of the court. Additionally, improper use of confidential material by an attorney would constitute a violation of a protective order, subjecting the attorney not only to professional discipline, but to the contempt power of the court as well. It is suggested that these factors provide a clear disincentive to the intentional misuse of confidential information.

In Baxter Travenol Laboratories v. LeMay, the District Court for the Southern District of Ohio was faced with a predicament similar to the situation before the Court of International Trade in U.S. Steel. In Baxter Travenol, the plaintiffs in an antitrust case requested disclosure to in-house counsel of material claimed by the defendant to be confidential. In reviewing the appropriate case law, the Baxter Travenol court recognized the right of a plaintiff to provide his “trial” counsel with information neces-

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43 730 F.2d at 1468; cf. In re Westinghouse Elec. Corp. Uranium Contracts Litig., 76 F.R.D. 47, 57 n.6 (W.D. Pa. 1977) (much weight should be given to the argument that corporate counsel is “never consulted in a non-business atmosphere”).

44 See infra notes 45-46 and accompanying text.

45 See Ferrara & Steinberg, supra note 39, at 6 (employee status of in-house counsel does not decrease professional obligation); supra note 27 and accompanying text. In-house counsel must keep confidential any material so ordered by a court. See supra note 8 and accompanying text.

46 See Lempert, supra note 16, at 5, col. 2. The ITC and the Commerce Department have instituted an extensive protective order “application form” to be filled out in antidumping and countervailing duty proceedings if the interested party’s attorney desires confidential information. Garfinkel, supra note 2, at 18, col. 2. The attorney must fully explain why the information is being sought and must show good reason for its release, and, in addition, must swear in a personal statement that he will not reveal the information to any partner, officer, agent, or employee of his client and that the information will be used solely for the purpose of the litigation. Id. at 18, cols. 2-3. The statement acknowledges that a breach of confidentiality may subject the attorney to disbarment from practice before the agency. Id. at 18, col. 3.

47 See, e.g., Garfinkel, supra note 1, at 491-92 (discussing Pasco Terminals, Inc. v. United States, 477 F. Supp. 201 (Cust. Ct. 1979)).


49 See id. at 419.
sary to pursue the litigation.\(^5\) The court also took heed of the competing right of the defendant to avoid disclosure to the plaintiff's in-house counsel.\(^6\) Rejecting the notion that an attorney is incapable of differentiating between the proper and improper use of information,\(^7\) the *Baxter Travenol* court focused upon the ability of the particular attorney "to differentiate his conduct in performing" his roles as adviser and as litigator.\(^8\)

It is suggested that an ad hoc test, such as applied in *Baxter Travenol* and as set forth in *U.S. Steel*, should be applied to all confidential information disputes to determine whether an attorney should be accorded access to the opposing party's confidential information contained in the administrative record. A case by case approach can guard against the automatic grant of access to underserving retained attorneys,\(^9\) and, rather than presuming impropriety simply because the attorney is an employee of the corporation,

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\(^6\) See 89 F.R.D. at 419. The *Baxter Travenol* court stated that the right of defendants to avoid disclosure to plaintiff's in-house counsel derived from the "potential for abuse of such information through use in the ordinary course of in-house counsel's performance for the corporation." Id.

\(^7\) See id. at 420.

\(^8\) See id. at 419-20 (emphasis omitted). The *Baxter Travenol* court found that an apparent conflict existed between the "Plaintiffs' qualified right to preparation of the case by counsel of their choosing, and the potential for abuse of that right by virtue of Plaintiffs' choice of in-house counsel." Id. at 419. While noting that normally the qualified right would give way in such circumstances, the court determined that the conflict, although apparent, was not real. See id. The court held that the only real conflict occurs when the attorney "cannot be expected to differentiate his conduct in performing each role." Id. at 420 (emphasis in original). Thus, the *Baxter Travenol* court viewed the actual issue as whether the particular in-house attorney "can be expected to use confidential matters obtained in his role as 'trial counsel' only in the prosecution of this litigation, and not use such information for the corporations' 'other' purposes in his role as 'in-house counsel.'" Id.

\(^9\) See supra note 28 and accompanying text. The Court of International Trade noted that the inability to segregate confidential information "can also apply to retained counsel in certain situations." 569 F. Supp. at 872. The Court determined, however, that it is impossible . . . to extend this reasoning to its logical conclusion and still have adversary proceedings and judicial review . . . . So the distinction between in-house counsel and retained counsel is made because with respect to the former, a closer and more sustained relationship can be presumed as an outgrowth of the employer-employee relationship. It follows that a meaningful increment of protection can be obtained by excluding in-house counsel.

*Id.*
the ad hoc approach assures that the party seeking access is permitted to have his in-house attorney represent him unless it is shown that to do so would be improper. Indeed, in Baxter Travenol, an investigation revealed to the court that in-house counsel would use the information solely for litigation purposes, even though the attorney was alleged to be one of the conspirators in the anticompetitive behavior forming the basis of the suit.

Since litigation before the Court of International Trade is not the only situation where disclosure of trade secrets is threatened or requested, it is suggested that, in carrying out the decision of U.S. Steel, the techniques used by the district courts in other litigation should be consulted. Discovery disputes exemplify the various situations in which a party, in order to prepare its case, may request disclosure of confidential trade secrets of its competitors. It is suggested that the Court of International Trade should draw from this body of case law, both for the sake of consistency and for the inherent value of these decisions. It is submitted that a case by case analysis of the actual likelihood of disclosure will further the objective of maintaining confidentiality and, at the same time, promote disclosure where proper use of the information can be assured. In applying this ad hoc test, it is suggested that there are factors that can realistically apprise the Court of the risk of improper public disclosure of the information: the actual degree of isolation of the attorney from policy and decisionmaking within the corporation; prior compliance with protective orders; the attor-

55 See supra notes 24-26 and accompanying text.
66 89 F.R.D. at 420.
67 Id. The Baxter Travenol defendants claimed that the plaintiffs were prosecuting the claim for anticompetitive purposes. Id. The court rejected the contention that mere involvement by the attorney in the litigation was an "improper" use of the information, holding that there was "no reason to question the reasonable expectation that [the attorney] will conform his uses of [the confidential] information to [the] differentiation" between the proper and the improper uses of the information. Id.
68 See, e.g., FTC v. Exxon Corp., 636 F.2d 1336, 1350 (D.C. Cir. 1980) (antitrust); Baxter Travenol Laboratories v. LeMay, 89 F.R.D. 410, 419-20 (S.D. Ohio 1981) (antitrust); Chesa Int'l Ltd. v. Fashion Assoc's., Inc., 425 F. Supp. 234, 237 (S.D.N.Y. 1977) (trademark infringement), aff'd mem., 573 F.2d 1288 (2d Cir. 1977). In Service Liquor Distribu's., Inc. v. Calvert Distillers Corp., 16 F.R.D. 507 (S.D.N.Y. 1954), the court stated that "in an action under the antitrust laws, based upon an alleged abuse of competition, a competitor's business records, where good cause has been shown, are not only not immune from inquiry, but they are precisely the source of the most relevant evidence." Id. at 509.
69 Cf. FTC v. Lonning, 539 F.2d 202, 211 (D.C. Cir. 1976) (although a distinction may be made between in-house and outside counsel, scope of protective order rests within discretion of trial judge on a case-by-case basis).
ney's reputation and prior behavior as indicative of likelihood of future compliance with protective orders; and, finally, the Court's judgment of the attorney's credibility. It is submitted that by applying these criteria, the Court can adequately investigate and, therefore, protect trade secrets. In the Court of International Trade decision, Judge Watson did not question the ethics of the in-house counsel for U.S. Steel; rather, the Court took note of the flawless record of the attorneys in following protective orders.60 In addition, Judge Watson recognized that these attorneys did not participate directly in pricing or competitive decisionmaking.61 Thus, it is likely that these factors were considered when the Court of International Trade, in light of the Federal Circuit decision, subsequently determined that the risk of disclosure was minimal, and, therefore, that it was unnecessary for U.S. Steel to retain outside counsel as a prerequisite to the disclosure of the needed information.

CONCLUSION

The U.S. Steel court's formation of a case by case analysis for disclosure of confidential information will guard against unwarranted disclosure to outside counsel and the subsequent preclusion of disclosure to deserving in-house attorneys. No longer will the efforts of corporations to increase the use of inside counsel be hindered. Greater involvement by in-house counsel in the full spectrum of the legal affairs of a corporation has become a valuable way to reduce legal expenses and to use the expertise of inside attorneys. An ad hoc analysis of the risk of improper disclosure will prevent prejudice to the owner of the trade secret and, at the same time, provide the corporation with an unhindered right to counsel of its choice.

Marie J. McIntyre

60 See 569 F. Supp. at 872. The Court of International Trade noted that "[t]he integrity of counsel for U.S. Steel is unquestioned and their unblemished record of adherence to protective orders is acknowledged." Id.
61 See id.