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STATE E-DISCOVERY

Recent Decisions Address ESI Fundamentals

By **Mark A. Berman**

Recent electronic discovery decisions seek to teach practical rules and lessons. A litigator must first think through the reasons why she is demanding that specific materials need to be produced with "metadata" in "native" format[1] and, if "key word" searching for electronically stored information (ESI) is anticipated, she needs to work with the client to carefully craft "search terms" not to be "overbroad" so that they will result in the appropriate production of relevant ESI.

Afterwards, the litigator needs to confer with her adversary to determine if the ESI sought can be produced in "native" format or in another preferred format and whether there can be agreement on "search terms." Then, the document request needs to specifically demand production of ESI in the precise electronic form sought. In the event the litigator seeks database information or other ESI that may not be standard, she or the client needs to possess the necessary hardware and software, which may be proprietary, to be able to review such ESI.

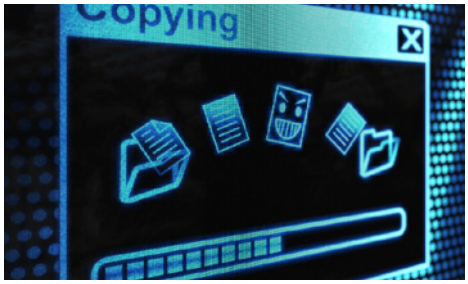
Litigators need to appreciate that New York courts require a detailed record evidencing a failure to produce if one wants to obtain an order permitting the forensic examination of an opposing party's computer hard drive. However, where counsel may be concerned that such an order might be granted against her client, instead, she may want to seek to retain her own forensic computer analyst to review her client's computer. When that is done, litigators should be cautioned to heed the lessons of *Beach v. Touradji*,[2] as a report created by the forensic expert may be subject to production, except for portions that reveal the impressions or directions of counsel.

Lastly, recent decisions[3] serve as a reminder that the obligation to preserve ESI is mandatory, and courts are teaching parties "hard" lessons when they fail to preserve, and engage in spoliation of, ESI.

The decisions below highlight the pitfalls that litigators may be confronted with when not properly prepared to address the above.

'Native' Format Not Required

In an Article 78 proceeding appealing the denial of a Freedom of Information Law (FOIL) request seeking emails, the court in *County of Suffolk v. Long Island Power Auth.*[4] noted that:



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> If the records are maintained electronically by an agency and are retrievable with reasonable effort, the agency is required to disclose the information. In such a situation the agency is merely retrieving the electronic data that it has already compiled and copying it onto another electronic medium. On the other hand, if the agency does not maintain the records in a transferable electronic format, then the agency should not be required to create a new document to make its records transferable. A simple manipulation of the computer necessary to transfer existing records should not, if it does not involve significant time or expense, be treated as the creation of a new document.

In denying Suffolk County's request for emails, the court held:

> [I]n order to respond to the County's FOIL request, LIPA would need to compile the data in an electronic format in which LIPA does not maintain the records. LIPA's back-up tapes are maintained in an electronic format that LIPA no longer has the hardware to restore. Thus, they are not retrievable with reasonable effort.

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> LIPA would have to create new documents using software or services that it would need to purchase from third parties in order to comply with the County's FOIL request. Any documents so produced could not be produced by a simple manipulation of the computer and would involve significant time and expense. Accordingly, the County's FOIL request was properly denied.

In *150 Nassau Associates v. RC Dolner*,[5] the Appellate Division held that, where documents were produced in a "searchable PDF format," and where plaintiff had not requested documents to be produced in "the 'native' file format, read and written by [plaintiff's] spreadsheet and accounting software, until its reply on its own motion to compel, it cannot be said that it was an abuse of the court's discretion to deny reproduction of the documents in their native format." The Appellate Division noted that this is "especially true because [plaintiff] has admitted that the only benefit of requiring [defendant] to produce these documents again is [plaintiff's] convenience."[6]

The plaintiffs in *Ravit v. Simon Property Group*,[7] sought the production of a surveillance tape that recorded plaintiff's fall, and complained to the court that defendant produced the tape in "native format," which plaintiffs contended was "unviewable," even though plaintiffs had been provided with instructions on how to download and install a free electronic media viewer to watch the tape. The court found that defendant had turned over a copy of the video data in the "same" and "only" format that it had. As such, the court held that defendant had materially complied with the requirements of the CPLR, except to the extent that the copy provided might have been defective, and thus ordered defendant to reproduce a new copy of the video.

Forensic Examination Reports

In *Beach* (a case involving allegations that plaintiffs, former employees, had stolen defendants' proprietary information), after the special referee denied defendants' motion to have plaintiff's computers forensically examined, plaintiffs' counsel arranged for a forensic analyst to review his client's computers. The forensic examination identified additional emails, which plaintiff thereafter produced, and the special referee then, in lieu of granting defendants' motion seeking the turnover of plaintiff's computers for their own forensic examination, ordered the deposition of plaintiff's forensic analyst. The forensic analyst testified that he had prepared a written report, and reviewed it prior to his deposition.

As a result, defendants sought to compel its production on the grounds that it was not privileged and, even if it was, the privilege was waived when the analyst testified that he used the report to refresh his recollection. The court pragmatically noted:

> Instead of permitting defendants to conduct their own examination, plaintiff's counsel retained a forensic analyst to ostensibly perform the same search that would have been conducted by defendants if they had been given access to the computers.

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The court ruled that the "only portion of the analyst's reports that could be attorney work product would be impressions, directions, etc., of counsel" and held that the motion court should have conducted an in camera review to ascertain whether any portion of the report is protected attorney work product. Critically, the court held:

> [The] information in the reports as to how the search was conducted, what was found, what was deleted, when it was deleted, etc., is material prepared for litigation, and defendants have demonstrated a substantial need for the reports and are unable to obtain the information by any other means. Additionally, the conditional privilege that attaches to material prepared for litigation is waived when used by a witness to refresh a recollection prior to testimony. To the extent that any portion of the reports prepared by the forensic analyst is attorney work product, the privilege protects the reports notwithstanding that the analyst reviewed the reports prior to his deposition.

In *In re Estate of Tilimbo*,[8] the court permitted movants' computer forensic expert to examine the personal computer hard drive of the nonparty witness, attorney Patrick Wynne, limited to locating and examining documents referring to (a) Rose Tilimbo, (b) her alleged will, and (c) the disputed deed transfer from her to Salvatore Tilimbo. The court noted that "[w]here ESI discovery of a nonparty has been sought, courts have permitted the discovery. For example, a nonparty attorney draftsperson was directed to produce the electronic files of prior drafts of the will and one court allowed the cloning of the hard drive of a nonparty law firm in connection with a prenuptial agreement." The court ruled:

> [T]he cloning would not place an unreasonable burden upon Wynne if all of the computers can be cloned at his office in four hours or less on a date and at a time that he selects, which may include in whole or in part a time after normal business hours. Alternatively, the cloning will be allowed outside of Wynne's office if it can be done by removing the computer(s) on a Saturday at any time selected by Wynne and returned to his office by Monday between 8:30 and 9:00 a.m. If Wynne prefers, the computer(s) may be removed from his office on any other day, provided the computer(s) are returned to his office within 24 hours. If the cloning is to be done outside of Wynne's office and more than one computer is to be cloned, then at Wynne's option, only one computer may be removed from his office at a time. In the event that the cloning can be accomplished within the time allocated herein either at Wynne's office or by removal of the computer(s), Wynne shall have the right to select whether or not he wants the cloning to be done at his office. In the event that the cloning requested by the movants cannot be performed within the time frame provided herein, the court finds that the disruption to Wynn's practice of law outweighs the benefits that the movants might obtain from the information provided by the cloning. Furthermore, should a computer be removed from Wynne's office and not returned within the time provided herein, the movants shall pay Wynne $200 for each hour or part thereof that the return is delayed.
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> To protect Wynne's attorney-client privilege, Computer Forensic Associates is directed to review the computer only for documents that refer to Rose Tilimbo and it must not examine files which would not likely lead to the discovery of evidence related to Rose Tilimbo. In the event that Computer Forensic Associates inadvertently begins to examine any information that is not related to Rose it is directed to immediately cease the examination of that file. In the event that Computer Forensic Associates locates documents that refer directly to Rose Tilimbo or appear to be related to the purported will or the alleged deed transfer, those documents shall be mailed to Martin Epstein, Esq., the attorney for Wynne and to Peter Piergiovanni, Esq., the attorney for John and Marilyn Posimato. The aforesaid counsel will have 14 days from the receipt of documents to object to disclosure to the movants by notifying counsel for the movants that he is objecting and sending the documents to the court for an in camera inspection together with the reasons for the objection. In the event that no objections are made to the production of the documents or the court rules that the documents are to be disclosed, Computer Forensic Associates may thereafter submit the documents to movants' counsel.

Good Cause Needed to 'Clone'

In *Matter of Gregory Catalano*,[9] the court denied petitioner's motion seeking the "cloning" of certain computer hard drives as "premature" where the petitioner, as of such date, had not reviewed the ESI already produced and "cloned," and therefore could not demonstrate that the information provided was "incomplete." Nevertheless, the court ordered that respondents refrain from removing or deleting any data contained within the subject computers. The court further concluded that the "cloned" records could not be accessed without purchasing a certain software license. In so finding, the court found that the CPLR provides that the party seeking discovery "should incur the costs incurred in the production of discovery material."

Specific Search Terms Needed

In *Martin v. Daily News*,[10] plaintiff moved to compel answers to interrogatories concerning why defendant did not use certain "search terms" when searching for emails, and then sought production of such responsive documents. The court found that the "search terms" that defendant used were sufficient to "generate e-mails relevant" to the action and that plaintiff's proposed "search terms" were either too broad or pertained to individuals who were peripheral to the action. The court then granted defendant's cross-motion to compel plaintiff to identify all searches he had made or that were conducted using certain "search terms" and to produce the documents identified in such searches.

In addition, the court denied plaintiff's request for the production of a certain hard drive from the computer used to identify emails between two individuals on the basis that there was insufficient showing for such "extraordinary relief." Finally, the court denied as "overbroad" defendant's request for the production of any requests made by or on behalf of plaintiff to preserve relevant documentation.

Failure to Preserve

In *Hameroff and Sons v. Plank*,[11] the court adopted the holding in the recent Appellate Division decision in *Voom HD Holdings v. Echostar Satellite*, 93 A.D.3d 33, 939 N.Y.S.2d 321 (1st Dept. 2012), which in turn adopted the standard enunciated in *Zubalake v. UBS Warburg*, 220 F.R.D. 212 (S.D.N.Y. 2003), that "'[o]nce a party reasonably anticipates litigation, it must suspend its routine document retention/destruction policy and put in place a litigation hold' to ensure the preservation of relevant documents." The court then found that defendant's representative's explanation that he had destroyed all of his project emails at the conclusion of the project in accordance with his standard business practice to be "implausible" and "willful and contumacious."

The court made such finding predicated on plaintiff having demonstrated through documents sent by defendant to his former counsel that defendant had retained emails at least as late as two weeks before plaintiff commenced a prior action in 2010 to enforce a 2009 stipulation of settlement, and where an email produced in such action contained a notation indicating that it had been printed out in 2011. As such, the court granted plaintiff's motion to the extent of precluding defendant from offering any documentation or testimony concerning the stipulation of settlement with respect to defendant's counterclaim and/or its defense to plaintiff's complaint.

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1. "Metadata" means:

> (i) information embedded in a Native File that is not ordinarily viewable or printable form from the application that generated, edited, or modified such Native File; and (ii) information generated automatically by the operation of a computer or other information technology system when a Native File is created, modified, transmitted, deleted, sent, received or otherwise manipulated by a user of such system.

"Native File(s)" means electronically stored information "in the electronic format of the application in which such ESI was created, viewed and/or modified." The above definitions can be found in the Commercial Division, Nassau County Guidelines for Discovery of Electronically Stored Information, available at http://www.nycourts.gov/courts/comdiv/PDFs/Nassau-E-Filing_Guidelines.pdf.

2. 2012 N.Y. Slip Op. 06004, 2012 WL 3568593 (1st Dept. Aug. 21, 2012).

3. See *Voom HD Holdings v. Echostar Satellite*, 93 A.D.3d 33, 939 N.Y.S.2d 321 (1st Dept. 2012).

4. Index No. 25774/11 (Sup. Ct. Suffolk Co. April 3, 2012).

5. 96 A.D.3d 676, 948 N.Y.S.2d 40 (1st Dept. 2012).

6. The trial court decision below had found:

> [Defendant] does not "dump" the raw data from its electronic database or computer, but generates reports as needed. Although [plaintiff's] expert suggests that [defendant] "should" be required to produce the data from its [database] in an electronic form so it can be used more effectively by [plaintiff], he does not provide any statement that this is how that information is most commonly used. Importantly, [plaintiff] has not identified any inconsistencies in the information provided that would suggest [defendant] is withholding information…. Even assuming the [database] could be manipulated by a computer forensic expert to coax out something akin to a "general ledger," the database does not just contain information about the [project in question], but all of [defendant's] projects. [Plaintiff] does not dispute that the raw data they seek to have "dumped" from the database cannot be provided without also providing information to which [plaintiff] is clearly not entitled to and which could adversely impact persons and entities that are not parties to this action. Claims by [plaintiff], that [defendant] maybe has something to "hide," are little more than bald accusations and not a reason to order [defendant] to provide in raw, electronic or "native" form the data it has already provided in PDF documents or hard copies just so [plaintiff] can more easily reconcile these amounts.

150 Nassau Associates v. RC Dolner, 30 Misc.3d 1224(A), 2011 WL 556290 (Sup. Ct. N.Y. Co. Feb. 14, 2011).

7. Index No. 112723/10 (Sup. Ct. N.Y. Co. Feb. 14, 2012).

8. 36 Misc.3d 1232(A), 2012 WL 3604817 (Surr. Ct. Bronx Co. Aug. 22, 2012).

9. File No. 2011-363596/A (Surr. Ct. Nassau Co. Jan. 9, 2012).

10. Index No. 100053/08 (Sup. Ct. N.Y. Co. March 26, 2012).

11. 2012 N.Y. Slip Op. 51533(U), 2012 WL 3516870 (Sup. Ct. Albany Co. Aug. 13, 2012).