A longtime business client approaches you, convinced that he has been badly wronged in a business deal. He is contemplating immediate no-holds-barred litigation and wants you to staff up the matter and prepare to file a complaint and motion for preliminary injunction on his behalf. Or a new client receives an aggressive cease-and-desist letter from her chief competitor and asks you to prepare a peremptory declaratory judgment action. She wants to file by next week, preferably in the best jurisdiction for her (and the most inconvenient one for the bad guys).

Diligent lawyer that you are, you collect the client’s information, review some basic law, and start drafting the complaint, right? Wrong. Before you spend the time to draft the papers or start lawsuits throughout the country, take a moment to carefully investigate the underlying facts, assess the legal ramifications, research the available jurisdictions, and consider the strategic costs and benefits to litigation. While it may slow down your initial filing (though often not by much), in the long run, a well-planned comprehensive pre-suit investigation will save you and your client time and money, and help prevent potential embarrassment or sanctions. This article explains the practical and legal considerations of conducting a pre-suit investigation, what such an investigation entails, the importance of documenting your findings, and the implications arising from such an investigation for your cause of action.

A comprehensive pre-suit investigation is necessary to be able to advise your clients both tactically and legally prior to beginning any litigation. Not only are you required to research your case before presenting it to a court, but a thorough investigation will enable you to marshal the facts necessary to streamline early motions practice and immediate discovery, as well as prepare you to advise your client on more subtle strategic options down the road.

First, as a matter of basic law, you must investigate the representations you make to the court in your complaint. Rule 11 of the Federal Rules of Civil Procedure requires you to ensure that “(2) the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law; (3) the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery; and (4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on belief or a lack of information.” Fed. R. Civ. P. 11(b).

Violation of Rule 11 can be cause for the court to impose sanctions on you and your client, either on a party’s motion or sua sponte. Fed. R. Civ. P. 11(c). These sanctions may include (but are not limited to) the dismissal of your case or the requirement that you pay the opposing party’s attorneys’ fees. For example, in *Classen Immunotherapies, Inc. v. Biogen IDEC*, 381 F. Supp. 2d 452 (D. Md. 2005), the court dismissed plaintiff’s patent infringement case as a sanction for failure to conduct a reasonable pre-filing inquiry. The court noted that plaintiff’s counsel had neither performed an infringement analysis nor offered an explanation for his failure to do so, and therefore his pre-filing inquiry was not sufficient. Id. at 457–58. Penalties may be monetary as well. In *Refac Int’l, Ltd. v. Hitachi Ltd.*, 141 F.R.D. 281 (C.D. Cal. 1991), a patent infringement case, the court held that the patent owner failed to make a reasonable inquiry to determine that its complaint was well grounded in fact and awarded the opposing party its attorneys’ fees as a sanction. Plaintiff’s pre-filing investigation was inadequate where plaintiff “assumed without justification that all of the accused products violated one or more
of its patents, but made no reasonable (or any) investigation to confirm this. . . .” Id. at 286. The court therefore required plaintiff to pay all of the expenses incurred by all defendants, including attorneys’ fees (a total of $1.4 million), as a Rule 11 sanction. Similarly, in Phoenix Airway Inn Assocs. v. Essex Fin. Servs., Inc., 741 F. Supp. 734 (N.D. Ill. 1990), the court held that plaintiff’s counsel failed to make a reasonable inquiry into the facts and law supporting the jurisdictional allegations of the complaint where there was no indication that he investigated whether the court had personal jurisdiction over the defendants. The court ordered plaintiff’s counsel to pay the opposing attorneys’ fees. Id. at 738.

Rule 11 is just the starting point, however. In some jurisdictions, conducting a specific type of pre-suit investigation is required by law. For example, the Florida State Code requires that parties alleging medical negligence claims and defenses conduct a pre-suit investigation. Prior to issuing a notice of his intent to initiate a medical negligence action, a claimant must conduct an investigation to determine whether there are “reasonable grounds” to believe that the defendant was negligent in the care or treatment of the claimant and that this negligence resulted in the injury, and submit an expert medical affidavit corroborating his findings. Fla. Stat. § 766.203(2). Likewise, before responding to the complaint, the defendant or his insurer must conduct a similar investigation. Id. § 766.203(3).

Similarly, in patent cases, many courts have local initial disclosure rules that effectively require an extensive pre-suit investigation. Both the Eastern District of Texas and the Northern District of California have local rules that require plaintiffs in patent cases to invest significant time and energy prior to filing suit to prepare fully developed infringement contentions. In the Eastern District of Texas, a party claiming patent infringement must, no later than 10 days before the initial case management conference, disclose its infringement contentions; asserted claims; each accused apparatus, product, device, process, method, act, or other instrumentality of each opposing party; the relevant priority dates to which each asserted claim is entitled; and any of its own devices, products, processes, or methods that incorporates or reflects the claimed invention. E.D. Tex. Local Rules at App. M. P.R. 3-1. These disclosures are to be accompanied by document production pursuant to Patent Rule 3-2. The Northern District of California requires similar disclosures in patent cases, though with slightly different timing. See, e.g., N.D. Cal. Patent Local Rules at Rules 3-1, 3-2 (requiring parties claiming patent infringement to disclose asserted claims, infringement contentions, and supporting documents “[n]ot later than 10 days after the Initial Case Management Conference”).

Aside from statutory or rule-based requirements, in most cases, conducting a thorough pre-suit investigation is (or should be) common practice for several strategic and tactical reasons.

First, it allows the client to evaluate the case carefully when she’s considering litigation. Starting a lawsuit is a significant investment by a client who views it as a method of achieving certain business objectives. To assess whether litigation will be the most cost-effective way of meeting those goals, we recommend drafting an estimated budget and making informed assessments about the most probable return in the case of a litigation victory. Without a thorough pre-suit investigation, you will be unable to calculate whether litigation or a different business strategy makes better economic sense.

Second, conducting a pre-suit investigation also allows you to manage your client’s expectations. If, for instance, you conduct your pre-suit investigation and determine that you have a good faith basis to sue but that there are substantial obstacles to resolving a matter quickly or effectively, the client can weigh those factors as part of its early analysis in assessing the litigation cost/benefit. No client is happy to learn about a substantial weakness in its case well into discovery, or to learn that a case will likely be impossible to resolve in motions practice, particularly when those issues could have been identified early in the process.

Third, a thorough pre-suit investigation will streamline early discovery and motions practice in your case. It will form the basis for your initial disclosures, making those documents essentially ready to go at the time you file your complaint. It will also shape your first round of discovery requests. Often attorneys dish out what are essentially “form” discovery requests in their initial requests. But armed with a strong pre-suit investigation that has narrowly identified information you still need, you can also serve targeted requests. This reduces the chance for the other side to object (often they still will object, but you’ll be able to head them off more easily), and it increases your odds in court if you need to move to compel.

Moreover, if you are contemplating a motion for a temporary restraining order or preliminary injunction, your pre-suit investigation is fundamental to preparing those documents and optimizing your probabilities of success. A plaintiff loses credibility by delaying a motion for preliminary injunction for a substantial time after filing her complaint or by appearing disorganized in her initial papers; such documents need to be fully drafted and ready to go before the complaint is served. Particularly if you are asking the court for expedited discovery or a quick hearing on your proposed injunction, you need to have thought through not just your initial motion, but the other party’s likely opposition and the format of any initial hearing. A careful investigation will not only shape your argument but also help you prepare to counter the other side’s defenses. Finally, even when your timing is less pressing, your pre-suit investigation will often greatly simplify initial motions practice by providing you with the legal background for your opposition to a motion to dismiss. Especially if you are litigating in a “rocket docket,” you will be grateful if you have a strong foundation already drafted that you can use in that opposition, rather than scrambling to get the research completed and organized.

But a pre-suit investigation doesn’t conduct itself. Although the specifics of your investigation will depend on the nature of your claims, thoroughly investigating both the facts and the law surrounding your case will permit you to better advise your client. The principal components of such an investigation include identifying the key facts, relevant documents (at least on your side), and potential witnesses; researching the

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governing law; assessing potential legal or factual pitfalls; retaining experts; and determining the best jurisdiction for your client. Your investigation should also include identifying local counsel and reviewing local rules, researching your opponent, and making your initial determination regarding service of your complaint and any initial strategies. As you are conducting your investigation, you will want to document your findings, as well as note items that may need to be followed up on later.

Most pre-suit investigations begin with understanding the basic facts and background, including the who, what, when, where, and why of the case. In a patent infringement case, for instance, a pre-suit investigation usually involves reviewing the patents at issue, their file history, and any applicable prior art, and assessing the accused devices or methods (which should include a preliminary infringement analysis). You will want to collect and review the information your client has that documents the invention and reduction to practice, as well as consider whether there are potential conflicts over ownership. You also should review any opinion of counsel the client may have previously obtained regarding infringement, invalidity, or enforceability. And in some cases, you may want to carefully review any applicable prior art that could pose a potential invalidity challenge. In a breach of contract case, you may want to review your client’s documents regarding the negotiation of the contract and its interpretation, read the subsequent correspondence regarding compliance or non-compliance, gather examples of breaching products or actions, identify key persons involved in the negotiation of the contract and witnesses to its breach, and collect documents substantiating your damages claims.

The pre-suit investigation provides a time to identify your key witnesses and persons you may need to depose to support your case. Interview the principal people who are familiar with the facts. There may also be key former employees, both of your client and of the other side, who might prove informative. Reaching out to them early on can supply valuable information (which must be balanced with any countervailing risk that they may tip off your opponent about your investigation). When appropriate, consider whether you should obtain a signed declaration from a third-party witness that you could later use to support your arguments or impeach him at a deposition if he recants his statement.

In addition to identifying key facts and witnesses, the pre-suit investigation will help you think through your case’s “story”—the compelling themes and narrative that will drive your view of the case. Although you need to be careful about becoming too wedded to your story as the facts develop, it is very valuable to begin developing the themes that you may want to bring out at trial at the earliest possible stage. Every case, and in particular every jury case, has different versions of a story that each party offers to explain why it should win; generally the side with the most credible and compelling narrative succeeds. To the extent that you start thinking about that narrative early, you will be better positioned to test how the story fits with the developing record.

Your pre-suit investigation also should contain research and analysis of your cause of action and likely defenses, as well as a careful review of your options for jurisdiction and venue.

A necessary and critical part of your pre-suit investigation is determining the substantive law governing your claims, and assessing—in light of your preliminary factual analysis—the potential strength of your cause of action. Much of this analysis starts with the applicable choice of law. In patent cases, this is a fairly straightforward question, but a breach of contract or tort claim may involve a more detailed analysis of the underlying facts and potential governing state law. Once you have identified which forum’s law governs, review the applicable cases and statutes to identify potential causes of action. Pattern jury instructions are often very helpful in providing a clean statement of the elements of your potential claim. When analyzing potential claims, you may find it helpful to organize your research by creating a working chart that identifies the key elements, supporting facts, and likely witnesses and documents. You may update that chart as discovery continues, but it helps narrow down and guide your work to identify and establish your proof for trial.

You will also want to analyze your opponent’s anticipated substantive counterclaims and defenses. A common mistake made by lawyers looking to file a lawsuit is not conducting what is sometimes called a “boomerang analysis”—failing to determine the potential legal counterpunch from your opponent. Such an analysis is necessary to determine how to best accomplish the client’s business objectives. For example, imagine a client who has a fairly strong potential trademark infringement claim against a small competitor. Investigating just that trademark claim might leave you with the assessment that litigation could enhance your client’s business position. But before you file, consider what claims the competitor may bring in response. Does that competitor, for example, have its own potential trademark claim or own a patent that might read on your client’s key product line? Are there third parties who might have business relations with that competitor, who could make it difficult for you to bring an action against it? In sum, determine your client’s business and legal weaknesses in relation to your putative opponent. There is no benefit in bringing a small trademark matter if the other side fires back with counterclaims that could threaten your client’s major business interests.

In addition to the substantive issues of law, your pre-suit investigation should also include a thoughtful review of jurisdiction and venue. The real estate agents have it right: Location is everything. As part of your pre-suit investigation, you need to determine not only where you can sue but also where you want to sue.

First, where you can sue. If you want to sue in federal court, you must establish subject-matter jurisdiction. Subject-matter jurisdiction exists if your case presents a federal question under 28 U.S.C. § 1331; if there’s diversity of citizenship under 28 U.S.C. § 1332 and the matter in controversy exceeds $75,000; in patent, trademark, and copyright cases under 28 U.S.C. § 1338; or if supplemental jurisdiction applies under 28 U.S.C. § 1367.

You must then establish that the court in which you want to sue has personal jurisdiction over the defendant; thus, you want to ensure you can establish either general or specific personal jurisdiction over your opponent. Check the state long-arm statutes in your potential jurisdictions to ensure that you meet their criteria. In general, if the other side is an individual, find out where she lives, works, or owns property. Both LexisNexis and Westlaw have resources that can help with this, and many states have searchable real estate records available online. If the other side is a company, determine its corporate form and make sure you have the right defendant
for your likely cause of action, identify where it is incorporated or licensed and where its principal place of business and/or headquarters are, and determine the states in which it has appointed an agent for service of process. Many states have user-friendly secretary of state websites that list the necessary information online. Also research where the company has distributors for its goods or retail stores, and in what states it conducts business. Search its websites for dealers (or check its “contact us” buttons), and see if you can identify where it has manufacturing facilities. In many cases involving large corporate defendants, establishing personal jurisdiction is straightforward, but for corporate parents or holding companies, you may have a more limited set of options.

Establishing personal jurisdiction is not, however, sufficient: You also need to determine venue. In federal court, venue for a corporate defendant is proper in any judicial district where it is subject to personal jurisdiction, or in a district in which “a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated.” 28 U.S.C. § 1391(a)-(c). In general, a plaintiff’s choice of venue is given substantial deference and can only be overcome “when the private and public interest factors clearly point towards trial in the alternative forum.” Piper Aircraft Co. v. Reyno, 454 U.S. 235, 255 (1981).

Recently, however, some cases have challenged the traditional deference to plaintiff’s choice of venue; thus, your pre-suit investigation should pay careful consideration to the appropriate venue. In In re Volkswagen of America, Inc., 545 F.3d 304 (5th Cir. 2008), the Fifth Circuit directed the U.S. District Court for the Eastern District of Texas to transfer the case from the original filing jurisdiction, finding that “the only connection between this case and [the chosen venue] is plaintiffs’ choice to file there.” Id. at 318. Similarly, in In re TS Tech USA Corp., 551 F.3d 1315, 1320 (Fed. Cir. 2008), the U.S. Court of Appeals for the Federal Circuit held that the district court abused its discretion in denying defendant’s motion to transfer venue when, inter alia, it gave “inordinate weight to the plaintiff’s choice of venue.”

Thus, as part of your investigation, you should document the connections your case has to your chosen jurisdiction, particularly if it is a venue with more tenuous ties to the claimed misconduct. Collect documents that establish that defendants’ complained-of conduct or infringement took place within your contemplated venue, and ensure that you or your client have documented connections to the specific district.

Even with some courts more carefully scrutinizing plaintiffs’ choice of venue, you may still have a number of options. Accordingly, your investigation should include reviewing which proposed venue would be optimal for your client. Key factors include the court’s average speed to trial, sophistication of the bench, potential jury pools, choice of law issues, convenience to you or your client, and the availability of good local counsel.

Some jurisdictions try their cases with greater deliberation than others. Those “others,” often called “rocket dockets,” will push the pace of litigation. If your client has many resources, it may have an advantage in a less-crowded docket. Information on various district courts’ average and median times to trial, caseload, and number of cases per judge is publicly available at www.uscourts.gov, under the Federal Court Management Statistics.

Another key factor is the depth and experience of the bench regarding the particular type of claims you are bringing. For example, although Delaware does not have the highest number of patent cases filed, it does have the most patent cases filed on a per judge basis. Furthermore, in certain jurisdictions, at any particular time, there may be judicial vacancies that have an impact on the pace of litigation. In addition, determine whether the local rules of the district you are contemplating permit your case to be handled in large part by a magistrate judge. This may be either an advantage or a disadvantage, depending on the nature of your claims, but it is worth investigating up front.

Similar to reviewing the prospective judges, briefly examine the potential jury pool. Depending on the nature of your claims and your client, some jurisdictions may have more likely favorable jury pools than others. This is where informed and experienced local counsel are particularly valuable. You will also want to review the history of past jury awards in your proposed jurisdiction for similar types of claims.

In addition, there may be existing state law or procedural rules in one jurisdiction that do not exist in others. Consider issues such as the forum’s statute of limitations, the existence of a borrowing statute, the statutory interest rate, and potential effects these issues may have on your case.

You may also consider whether there is a tactical or strategic advantage to a particular jurisdiction. Sometimes you may want to sue in your own backyard, with a likely favorable jury pool, easy access to witnesses, and less cost to your client. Alternatively, you may choose to sue on your opponent’s home turf, making it harder for them to oppose personal jurisdiction and permitting you to choose all the witnesses who will come to testify live at trial (because your witnesses will be outside the subpoena power but your opponents’ will be within it), but perhaps raising the cost and inconvenience of suit for your client.

Good local counsel make a difference. They have a familiarity with the local rules and the local judges and can advise on which claims work better in their jurisdiction. If you have an existing relationship with a good attorney or firm in the jurisdiction in which you may want to sue, retain them as early as possible. They will be invaluable not just in helping advise you in what will “play well” in that particular court, but also in helping navigate the logistics for starting your case. Your local counsel will also help you overcome any procedural hurdles with service of your complaint.

Consulting with and, often, retaining your probable expert witnesses as early as possible in the litigation pays dividends later on. First, your experts can help you assess the likelihood of success on various claims, educate you as to the relevant technology or products, and give you an understanding of the likely damages. Second, if you plan to file a preliminary injunction, or if you have significant disclosure obligations, your experts will play a large role in supporting those submissions. Third, the experts can help focus the scope of initial discovery requests. Fourth, particularly in some areas of the
law or certain technologies, there are not many truly talented expert witnesses, and it is to your client’s advantage to have retained the best ones before the litigation starts.

One other early thought to keep in mind as you investigate your case is when to serve the complaint. You may wish to preserve your favorite jurisdiction or to avoid a statute of limitations by filing your claim before your opponent does. One option, therefore, is to file, but not serve, your complaint. The Federal Rules grant 120 days to serve a complaint once filed. Fed. R. Civ. P. 4(m). Using some of the permitted amount of delay before serving your complaint will allow you to preserve your choice of jurisdiction while providing time to negotiate a resolution of the case before service is perfected. Consider whether there are strategic reasons for holding off on immediate service, perhaps with a courtesy copy to the other side’s attorney.

Keep good records of your investigation and preserve them. Legal research or analysis, and the results of your factual investigation, should be maintained in a safe and centralized location.

A pre-suit investigation memorandum that summarizes your legal research and applies the facts uncovered in your investigation will generally be sufficient to defeat a post-suit claim that you failed to have a sufficient basis to bring suit. Exhibits to that investigation memo may be hard-copy printouts of a potential defendant’s website or advertising, memos from witness interviews, or key documents. Why hard copy? Simply put: Websites change. You want the evidence, particularly with a tidy date stamp at the bottom, that shows the other side was advertising your product or knocking off your designs. Often, such evidence disappears from an entity’s public website after a complaint is filed. Although Internet caches or archives may be good resources, a printout or PDF is still your most reliable evidence.

Your pre-suit investigation is necessarily an attorney’s thoughts and impressions, the essence of attorney work product. Care must be taken to preserve the privileges protecting your work product, as well as the communications made to your client regarding your investigation.

Federal Rule of Civil Procedure 26 protects from discovery “documents and tangible things that are prepared in anticipation of litigation or for trial by or for another party or its representative,” absent a showing of substantial need and undue hardship by the requesting party. Fed. R. Civ. P. 26(b)(3). If the court orders discovery of these materials, “it must protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of a party’s attorney or other representative concerning the litigation.” Id. Some courts have protected as privileged an attorney’s pre-suit investigations. For example, in In re Ashworth, Inc. Securities Litigation, 213 F.R.D. 385, 389 (S.D. Cal. 2002), the defendant company served an interrogatory that sought the names of current or former employees and sales representatives of the company who provided information used in framing plaintiffs’ complaint. The Ashworth court ultimately found that the information sought by defendants was protected as attorney work product and rejected the interrogatory, reasoning that plaintiffs’ responses to the interrogatory “would necessarily reveal counsel’s opinions regarding the relative importance of these witnesses, the highlights of their testimony/factual knowledge, and would link any future statements by the witnesses with [p]laintiff’s counsel’s legal theories and conclusions as outlined in the complaint.” Id. at 389. Similarly, the Florida statute that mandates pre-suit investigation in the medical negligence context, discussed above, specifically provides that “[n]o statement, discussion, written document, report, or other work product generated by the presuit investigation process is discoverable or admissible in any civil action for any purpose by the opposing party.” Fla. Stat. § 766.205(4).


Regardless, caution your client not to discuss or disseminate the conclusions of your investigation beyond those executives with a need to know and/or responsibility for making the decision to sue.

After you have completed your factual and legal research, documented your conclusions, and identified your optimum choice of jurisdiction, the complaint seems almost to draft itself. More importantly, you are now well positioned for the first few moves of the litigation, be it serving initial discovery, opposing a motion to dismiss, or litigating a preliminary injunction. Taking the time to “do the deep dive early”—thinking through your case carefully and preparing it thoroughly—will reap dividends and streamline your efforts in the long run. Hard work up front will prepare you to advise your client based on practical business considerations, as well as legal claims and defenses, and will ultimately help your client maximize its opportunity to achieve its objectives.

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