NEW YORK STATE BAR ASSOCIATION

# Committee on Professional Ethics

OPINION 709 - 9/16/98 (55-97)

TOPIC: Use of Internet to advertise and to conduct law practice focusing on trademarks; use of Internet e-mail; use of trade names

DIGEST: Attorney may operate and advertise a trademark practice over the Internet, as long as attorney complies with (a) the Code's obligations to check client conflicts; (b) court rules requiring the posting of a statement of Client's Rights and Responsibilities; (c) the obligation to preserve client confidences by assuring that use of e-mail is reasonable; and (d) the Code's advertising rules and perhaps those of other jurisdictions. The attorney may not engage in or advertise a more limited form of trademark business under a trade name if the business constitutes the practice of law.

CODE: DR 1-102(A), DR 2-101, DR 2-101(B), DR 2-102, DR 2-102(B), DR 2-102(D), DR 2-101(F), DR 2-103(A), DR 2-106, DR 3-101(B), DR 4-101(A), DR 4-101(B), Canon 6, EC 2-10, EC 2-13, EC 3-5, EC 3-9, EC 4-1, EC 8-3

## QUESTIONS

An attorney plans to create an Internet web site in connection with a business that will conduct trademark searches, render legal opinions on availability of trademarks, and file and prosecute applications to register trademarks. The web site will have the capability to take orders from clients from all over the country on the Internet, and charge their credit cards a pre-determined fee for each applicable service. The attorney will speak to clients by telephone when they request a legal opinion, but will otherwise rely on unencrypted Internet e-mail to communicate with clients.

We address the following questions in connection with this proposed conduct:

1. May an attorney make his or her services available through the Internet, including taking orders for conducting trademark searches, communicating with clients using Internet e-mail, conducting trademark searches, rendering legal opinions on trademark availability, filing trademark applications, and charging clients by credit card?

2. May an attorney advertise on the Internet utilizing a web site accessible throughout the United States where the attorney is licensed to practice law only in New York?

3. May an attorney licensed to practice only in New York render legal opinions to non-residents of New York, and if not, may the attorney limit his or her services to performing trademark searches and filing trademark applications on behalf of clients who reside outside of New York, since such services may be performed by non-lawyers?

4. May the attorney operate his or her practice under a trade name as well as his or her own name (*e.g.*, advertising and operating under the trade name "The Trademark Store") and also state that The Trademark Store is operated by the "Law Offices of ____")? If the attorney only performs the trademark searching and filing services that may be performed by non-lawyers, and does not render legal opinions, may the attorney operate the business under a trade name without using his or her own name?

*1. Legal Practice on the Internet*

There is no express provision in the Lawyer's Code of Professional Responsibility (the "Code") that addresses practicing law over the Internet. The Committee believes that using the Internet to take orders for trademark searches, conduct trademark searches, render legal opinions and file trademark applications is analogous to conducting a law practice by telephone or facsimile machine and is likewise permissible, subject to the same restrictions applicable to communication by those means. Some issues peculiar to practice on the Internet warrant additional comment, however.

*A. Statement of Client's Rights and Responsibilities*

New York's court rules require the posting of a Statement of Client's Rights and Responsibilities in a lawyer's office, and apply by their terms to any attorney who has an office in the state. 22 N.Y.C.R.R. § 1210.1. As a result, such rules may apply even where the attorney-client relationship is conducted exclusively through the Internet and the lawyer does not typically meet clients in the lawyer's office. In such circumstances it would be prudent for the attorney to achieve substantial compliance with the terms of the rule (requiring posting of the Statement in the office "in a manner visible to clients") by including the full text of the Statement on the attorney's web site.

*B. Conflicts Checks*

Next, DR 5-105(E) provides that New York lawyers must maintain a system of keeping records of prior engagements and checking them before undertaking a new matter to assure that the attorney will not violate DR 5-105's and DR 5-108's prohibitions on conflicting engagements. Practicing law for clients by means of the Internet does not give rise to any exemption from this fundamental obligation to avoid conflicts and not to undertake a new representation without checking to assure that it does not create an impermissible conflict. *See generally* N.Y. State 664 (1994) (requiring conflicts check by lawyer providing specific legal advice to clients by means of "900" telephone service). We recognize, however, that a conflicts check is not required where the attorney's interaction is limited to providing general information of an educational nature, no confidential information is obtained from a client and no specific advice tailored to a client's particular circumstances is rendered. *Id.; cf.* N.Y. 625 (1992); N.Y. State 636 (1992). In such circumstances, the recipient of such general advice need not be included in the lawyer's records of past engagements.

*C. Reliability of Internet Information*

To the extent that the attorney in performing legal research for clients relies on information obtained from searching of Internet sites, the attorney's duty under Canon 6 to represent the client competently requires that the attorney take care to assure that the information obtained is reliable.

*D. Use of Internet E-Mail*

As to the attorney's use of Internet e-mail to communicate with clients, we note that the fiduciary relationship between an attorney and client requires the preservation of confidences and secrets, EC 4-1, and an attorney is prohibited from "knowingly" revealing a client confidence or secret. DR 4-101(B). Significantly, the Code expressly requires attorneys to "exercise reasonable care" to prevent others at his or her firm from disclosing a client's confidences or secrets, DR 4-101(D), and EC 4-4 provides that a "lawyer should endeavor to act in a manner which preserves the evidentiary privilege; for example, the lawyer should avoid professional discussions in the presence of persons to whom the privilege does not extend." It is fair to state that an attorney has a duty to use reasonable care to protect client confidences and secrets; whether the use of Internet e-mail is consistent with that duty depends upon the likelihood of interception.

Other ethics committees that have considered this or analogous issues have reached inconsistent conclusions. *Compare* Az. Op. 97-04 (e-mail may pose a risk to confidentiality); Iowa Op. 96-1 (attorneys must obtain waiver from clients as to e-mail security risk); N.Y. City 94-11 (advising that an attorney should use caution and consider security measures when speaking to a client via cordless or cellular telephone because of the risk that the client's confidences or secrets may be overheard); *with* D.C. Op. 281 (1998) (no *per se* rule barring use of unencrypted internet e-mail to transmit client confidences); South Carolina Op. 97-08 (examining the privacy of Internet

communications in view of current technology and laws prohibiting interception or monitoring of e-mail communications, and concluding that Internet users may have a reasonable expectation of confidentiality); Vt. Op. 97-5 (e-mail may pose no risk to confidentiality).

The Electronic Communications Privacy Act ("ECPA"), 18 U.S.C. §§ 2510 *et seq*., criminalizes the interception of e-mail transmissions and also appears to mitigate the risk of loss of the evidentiary privilege. 18 U.S.C. § 2517(4) ("[n]o otherwise privileged wire, oral, or electronic communication intercepted in accordance with, or in violation of, the provisions of [the ECPA] shall lose its privileged character"). Similarly, in 1998 New York enacted comparable protection for the evidentiary privilege in an amendment to the CPLR.[1] Although the federal and New York statutes may resolve the question of whether use of Internet e-mail waives the evidentiary privilege (a question of law outside the scope of this Committee's jurisdiction), at least to the extent the privilege at issue is governed by federal or New York law, the statutes do not directly resolve the lawyer's independent ethical duty to avoid disclosure of a client's confidences and secrets. The lawyer's ethical duty is broader than the obligation to preserve the privilege, as the Code extends the duty of non-disclosure to client "secrets," which are explicitly defined by the Code to encompass certain client-related information that is *not* protected by the evidentiary attorney-client privilege. DR 4-101(A), (B). Consequently, the recent additions in federal and state law providing that use of e-mail does not by itself jeopardize the applicability of the attorney-client privilege cannot dispose of the ethical issue.

In considering the ethical issue, we believe that the criminalization of unauthorized interception of e-mail certainly enhances the reasonableness of an expectation that e-mails will be as private as other forms of telecommunication. That prohibition, together with the developing experience from the increasingly widespread use of Internet e-mail, persuades us that concerns over lack of privacy in the use of Internet e-mail are not currently well founded. So far as we are aware, there is little evidence that the use of unencrypted Internet e-mails has resulted in a greater risk of unauthorized disclosure than is posed by other forms of communication that are commonly used without compromising ethical obligations, such as telephones and facsimile machines. We therefore conclude that lawyers may in ordinary circumstances utilize unencrypted Internet e-mail to transmit confidential information without breaching their duties of confidentiality under Canon 4 to their clients, as the technology is in use today. Despite this general conclusion, lawyers must always act reasonably in choosing to use e-mail for confidential communications, as with any other means of

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[1] New CPLR § 4547 provides:

> No communication privileged under this article shall lose its privileged character for the sole reason that it is communicated by electronic means or because persons necessary for the delivery or facilitation of such electronic communication may have access to the content of the communication.

communication. Thus, in circumstances in which a lawyer is on notice for a specific reason that a particular e-mail transmission is at heightened risk of interception, or where the confidential information at issue is of such an extraordinarily sensitive nature that it is reasonable to use only a means of communication that is completely under the lawyer's control, the lawyer must select a more secure means of communication than unencrypted Internet e-mail.

A lawyer who uses Internet e-mail must also stay abreast of this evolving technology to assess any changes in the likelihood of interception as well as the availability of improved technologies that may reduce such risks at reasonable cost.[2] It is also sensible for lawyers to discuss with clients the risks inherent in the use of Internet e-mail, and lawyers should abide by the clients' wishes as to its use.

*E. Payment By Credit Card*

There is nothing in the Code prohibiting an attorney from accepting payment by credit card as long as the fee charged is not excessive and the fee arrangement does not otherwise violate any Code provision. N.Y. State 399 (1975); N.Y. State 362 (1974); *see* DR 2-106. The lawyer's duty to safeguard client interests and property also requires the lawyer who accepts payment by credit card via the Internet to assure that the privacy of the client's credit card information will be preserved.

*2. Advertising on the Internet*

The Code's advertising rules are intended to protect the public from false and misleading advertisements. There is no ethical distinction to be drawn among different forms of advertising directed to a general population. *See, e.g., Shapero v. Kentucky Bar Assoc.*, 486 U.S. 466, 473 (1988) ("lawyer advertising cases have never distinguished among various modes of written advertising to the general public")*; In re Koffler*, 432 N.Y.S.2d 872, 875 (Ct. App. 1980) (direct mail solicitation by attorneys of potential clients is constitutionally protected commercial speech), *cert. denied*, 450 U.S. 1026 (1981); *cf* ABA Model Rule 7.2(a) (permitting advertising in "public media," including " a telephone directory, legal directory, newspaper or other periodical, outdoor

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[2] We note that recent press reports concerning a lack of security arising from the use of Internet e-mail have not reflected interceptions of the content of e-mails, but instead the possible effect of the use of e-mail programs on the security of the contents of the files stored in a computer that is connected to the Internet. *See, e.g.,* Denise Caruso, "Technology: As long as software code is kept secret, Internet security is at risk," N.Y. Times, Aug. 17, 1998, at D3. The security risk at issue is wholly separate from the use of e-mail to transmit confidential communications, as the content of e-mails is not itself intercepted, and the possible interception of the contents of stored computer files potentially occurs when a person receives an e-mail from the would-be interceptor. Should it become clear that a lawyer's use of Internet e-mail exposes the contents of the lawyer's computer files to a meaningful risk of unauthorized interception, lawyers will, of course, be unable to use Internet e-mail without taking steps to eliminate such risk.

advertising, radio or television, or through written or recorded communication"). Accordingly, we believe that advertising via the Internet — an electronic form of public media — is permissible as long as the advertising is not false, deceptive or misleading, and otherwise adheres to the requirements set forth in the Code. DR 2-101, DR 2-102, EC 2-10.

In addition to the other guidelines for lawyer advertising set forth in DR 2-101, we note that DR 2-101(F) requires retention and in some circumstances filing of advertisements with a departmental disciplinary committee, depending upon the medium used to distribute the advertisement. Thus, broadcasts must be tape recorded and preserved by the lawyer for one year; a copy of mailed advertisements must be filed as noted, and the address list retained by the attorney for a year. We conclude that an Internet web site advertisement is more analogous to a radio or TV broadcast, in which the attorney has no means of identifying the audience, than it is to a mass mailing in which the address list is within the attorney's control. Therefore, the attorney must keep a copy of any Internet advertisement for a period of not less than one year following its last use, but need not file a copy with a departmental disciplinary committee. The copy may be maintained by the attorney in electronic form.

There is no ethical prohibition in the Code against advertising to solicit clients who reside outside the state of New York with respect to matters as to which the lawyer may competently and lawfully practice. However, any Internet advertisement should inform a potential client of the jurisdiction in which the attorney is licensed, and should not mislead the potential client into believing that the attorney is licensed in a jurisdiction where the attorney is not licensed. *See* DR 2-102(D); ABA/BNA Lawyers Manual on Professional Conduct 81:551 at 57 ("lawyer's Web page should clearly identify those states in which he is licensed to practice"); South Carolina Op. 94-27 (1995) (any advertisement by a lawyer on the Internet that may reach potential clients in jurisdictions where lawyer is not admitted to practice must clearly identify the geographic limitations of lawyer's practice or risk being deemed misleading); *see also Florida Bar v. Kaiser*, 397 So.2d 1132, 1133 (Fl. Sup. Ct. 1981) (lawyer engaged in unauthorized practice where his law firm's advertisements gave the impression that he was authorized to practice in Florida). [3]

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[3] We express no view as to whether Internet advertising may also be subject to the rules regulating lawyer advertising of other jurisdictions in which the advertising appears and from which potential clients are solicited. Other states have opined that lawyers may advertise over the Internet as long as they comply with that state's ethics and rules on advertising but have not necessarily asserted that such state's rules apply to lawyers licensed and practicing outside that state. Utah Op. 97-10 (attorney may advertise service on web page provided that attorney complies with the state's advertising rules); Iowa Op. 96-1 (Iowa lawyers advertising on the Web page must comply with state's ethics rules including publication of mandatory disclosures), Penn. Op. 96-17 (law firm web site is permitted subject to state's advertising ethics rules, including disclosures of the geographic location of the law office and recordkeeping requirements); Tenn. Op. 95-A-57 (Tennessee lawyer posting firm brochure on World Wide Web must comply with

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*3. Services to Clients Outside New York*

DR 3-101(B) provides that a lawyer "shall not practice law in a jurisdiction where to do so would be in violation of regulations of the profession in that jurisdiction." Thus, whether a lawyer licensed only in New York may render legal opinions over the Internet to clients who reside outside of New York depends on whether the attorney's conduct constitutes the unauthorized practice of law in the other jurisdiction. That question is beyond the scope of this Committee's jurisdiction, though we note that lawyers licensed in one state may appropriately render legal services to clients resident elsewhere in many circumstances. N.Y. State 375 (1975). *But see Birbrower, Montalbano, Condon & Frank v. Superior Court of Santa Clara County*, 70 Cal. Rptr. 2d 304, 306 (Cal. Sup. Ct. 1998) (New York firm that performed legal services in California engaged in the unauthorized practice of law in violation of California statute). We are similarly unable to opine on whether the limitation of the practice to federal trademark issues affects the applicability of state laws regarding unauthorized practice. *See* Charles W. Wolfram, "Sneaking Around in the Legal Profession: Interjurisdictional Unauthorized Practice by Transactional Lawyers," 36 S. Tex. L.J. 665 (1995).

Finally, if an attorney licensed only in New York limits his or her services to trademark searches and filing trademark applications as non-lawyers are typically permitted to do, whether or not the attorney may provide such limited services to clients who reside outside of New York in matters arising in a non-New York jurisdiction is governed by the laws and rules of the other jurisdiction, and therefore is also beyond the scope of this Committee.

*4. Use of a Trade Name for a Law Practice*

Operating the proposed law practice under a trade name is prohibited by the Code. DR 2-102(B) provides that "[a] lawyer in private practice shall not practice under a trade name." *See In re von Wiegen*, 481 N.Y.S. 2d 40 (Ct. App. 1984) (use of phrase "The Country Lawyer" immediately below lawyer's name is acceptable; *In re Shephard*, 459 N.Y.S.2d 632, 633 (3rd Dep't 1983) (finding "The People's Law Firm" was a prohibited trade name); *In re Shapiro*, 455 N.Y.S. 2d 604, 605 (1st Dep't 1982) (finding "People's Legal Clinic, Inc." was a prohibited trade name). Operating the proposed law practice under a trade name, while simultaneously indicating in advertising materials

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ethical rules regarding publicity); Tex. Disc. Rules of Prof. Conduct, Part 7, Comment 17 (lawyers' Web sites are public media advertisement subject to state advertising rules); *see also* David Bell, *Internet Use Raises Ethics Questions*, Cal. St. B. J. at 36-37 (April 1996) (California rule and statute on attorney advertising applies to attorneys advertising on Internet); *Ethics Update*, Florida Bar News, Jan. 1, 1996 (lawyers' computer ads and industry web site on home pages are subject to Florida ethics rules on advertisements disseminated in electronic media). In addition, at least one state opinion suggests that lawyers should publish separate, unconnected web sites for in-state and out-of-state offices of the same law firm. Iowa Op. 96-14.

that the company is operated by the attorney's law office, is likely to be confusing and misleading to the public as to whether the company and law office are separate entities.

Given the prohibition against attorneys practicing under a trade name in DR 2-102(B), whether an attorney may operate under a trade name a business limited to providing services that can permissibly be offered by non-lawyers depends on whether the attorney's conduct constitutes the practice of law. Although certain activities may be performed by lawyers and non-lawyers alike, this Committee has previously opined that certain activities that may be performed by non-lawyers constitute the practice of law when done by attorneys. *See, e.g.*, N.Y. State 705 (1998) (handling real estate tax reduction proceedings); N.Y. State 678 (1996) (providing divorce mediation services); N.Y. State 557 (1984) (providing accountant services).

On the other hand, this Committee also has opined that an attorney may maintain a separate business that does not involve the practice of law, and operate that business under a trade name, provided that the attorney does not use the separate business as a means of soliciting legal work in violation of any statute or court rule, does not recommend that clients of the law practice purchase a product of the separate business, does not hold himself or herself out as an attorney in connection with the separate business, and does not otherwise violate any ethical or legal rules. N.Y. State 636 (1992) (finding no *per se* ethical proscription to law firm establishing separate business selling will forms operating under the trade name "The Will Store" provided that the phrase was not used in conjunction with the names of the attorney principals, the business did not constitute the practice of law, and the separate business is not used to solicit legal practice); *cf.* N.Y. State 662 (1994) (refraining from holding oneself out as a lawyer may satisfy the literal language of N.Y. State 557, but would constitute deception in violation of DR 1-102(A)(4) where lawyer refrains in order to avoid an ethical prohibition and solicit legal work); EC 2-13 ("to avoid the possibility of misleading persons with whom a lawyer deals, a lawyer should be scrupulous in the representation of professional status").

The lawyer must closely scrutinize the services provided to make certain that the services do not involve the exercise of an attorney's professional judgment, which would constitute the practice of law. We provided the following guidance in N.Y. State 636:

> [T]o the extent that the wills are individualized and offered as a specific solution to individual problems or other services requiring the professional judgment of a lawyer are rendered, the business becomes the practice of law. EC 3-5. Furthermore, if in selling such forms to individual members of the public, an employee provides assistance or advice in selecting the appropriate form or forms or in adapting their language to particular circumstances, the business becomes the practice of law.

Therefore, even though trademark searches and application filings may be performed by non-lawyers, to the extent that the attorney invokes his or her professional legal

judgment in conducting searches or filing applications, the business becomes the practice of law and practicing under a trade name is prohibited.

## CONCLUSION

The questions are answered in accordance with this Opinion.

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