

EXPLANATORY COMMENT

I. Obligations under the rule

New Rule 1023.1 requires that a pleading, written motion or other paper directed to the court be signed. The signing, or the filing, submitting or later advocating, a document is a certification as described in the rule. A court may impose sanctions for violation of the certification. Thus the rule imposes the duty on the attorney or, if unrepresented, the party signing the document to satisfy himself or herself that there is a basis in fact and in law for the claim or defense set forth in the document.

Rule 1023.1, therefore, requires some prefiling inquiry into both the facts and the law to satisfy the affirmative duty imposed by the rule. However, this rule is not intended to chill an attorney's enthusiasm or creativity in pursuing factual or legal theories. The standard is one of reasonableness under the circumstances.

A court should avoid using the wisdom of hindsight and should test the signer's conduct by inquiring what was reasonable to believe at the time the pleading, motion, or other paper was submitted. What constitutes a reasonable inquiry depends on factors which may include

- how much time for investigation was available to the signer;
- whether the signer had to rely on a client for information as to the facts underlying the pleading, motion, or other paper;
- whether the pleading, motion, or other paper was based on a plausible view of the law; or
- whether the signer depended on forwarding counsel or another member of the bar.

This rule recognizes that sometimes a litigant may have good reason to believe that a claim or defense is valid but may need discovery, formal or informal, to gather and confirm the evidentiary basis for the claim or defense. If evidentiary support is not obtained after a reasonable opportunity for further investigation or discovery, the party has a duty under the rule not to persist with that contention. Rule 1023.1(c) does not require a formal amendment to pleadings for which evidentiary support is not obtained, but rather calls upon a litigant not thereafter to advocate such claims or defenses.

II. Practice under the rule

The rule leaves for resolution on a case-by-case basis, considering the particular circumstances involved, the question as to when [a motion for violation of] Rule 1023.1 should be [served and when, if filed, it should be decided.] invoked. Ordinarily the [motion] written notice and demand for withdrawal or correction of the paper should be served promptly after the inappropriate paper is filed, and, if delayed too long, may be viewed as untimely. In other circumstances, it should not be served until the other party has had a reasonable opportunity for discovery. Given the "safe harbor" provisions discussed below, a party cannot delay [serving its Rule 1023.1 motion] invoking Rule 1023.1 until conclusion of the case (or judicial rejection of the offending contention).

Rule 1023.1 motions should not be made or threatened for minor, inconsequential violations of the standards prescribed by subdivision (c). They should not be employed as a discovery device or to test the legal sufficiency or efficacy of allegations in the pleadings; other motions are available for those purposes. Nor should Rule 1023.1 motions be prepared to emphasize the merits of a party's position, to exact an unjust settlement, to intimidate an adversary into withdrawing contentions that are fairly debatable, to increase the costs of litigation, to create a conflict of interest between attorney and client, or to seek disclosure of matters otherwise protected by the attorney-client privilege or the work-

product doctrine. The court may defer its ruling (or its decision as to the identity of the persons to be sanctioned) until final resolution of the case in order to avoid immediate conflicts of interest and to reduce the disruption created if a disclosure of attorney-client communications is needed to determine whether a violation occurred or to identify the person responsible for the violation.

The rule provides that requests for sanctions must be made as a separate motion, i.e., not simply included as an additional prayer for relief contained in another motion. The motion for sanctions cannot be filed until at least 28 days [(or such other period as the court may set) after being served.] after service of a written notice and demand, upon the party whose conduct is claimed to violate the rule, that the offending document or portion of the document be withdrawn or appropriately corrected. If, during this period, the alleged violation is corrected, as by withdrawing (whether formally or informally) some allegation or contention, the motion may not be filed with the court. These provisions are intended to provide a type of "safe harbor" against motions under Rule 1023.1 in that a party will not be subject to sanctions under Rule 1023.1 on the basis of another party's motion unless, after [receiving the motion,] having been served with the written notice and demand, it refuses to withdraw that allegation or contention or to acknowledge that it does not currently have evidence to support it. The timely withdrawal of an allegation or contention will protect a party against a motion for sanctions.

To stress the seriousness of a motion for sanctions and to define precisely the conduct claimed to violate the rule, the "safe harbor" period begins to run only upon service of the [motion.] written notice and demand. In most cases, however, counsel should give informal notice to the other party, whether in person or by a telephone call or letter, of a potential violation before proceeding to prepare and serve [a Rule 1023.1 motion.] the written notice and demand.

III. Sanctions

The rule does not attempt to enumerate the factors a court should consider in deciding whether to impose a sanction or what sanctions would be appropriate in the circumstances. The factors that a court may consider include the following:

- whether the improper conduct was willful or negligent;
- whether it was part of a pattern of activity or an isolated event;
- whether it infected the entire pleading or only one particular count or defense;
- whether the person has engaged in similar conduct in related litigation;
- whether it was intended to injure;
- what effect it had on the litigation process in time or expense;
- whether the responsible person is trained in the law;
- what amount is needed to deter that person from repetition in the same case; and
- what amount is needed to deter similar activity by other litigants.

The court has significant discretion in determining what sanctions, if any, should be imposed for a violation, subject to the principle that the sanctions should not be more severe than reasonably necessary to deter repetition of the conduct by the offending person or comparable conduct by similarly situated persons.

There are two provisions for the award of attorney's fees and expenses. The first provision, Rule 1023.2(b), authorizes the court, if requested in a motion and if so warranted, to award to the prevailing party "the reasonable expenses and attorney's fees incurred in presenting or opposing the motion."

The second provision, Rule 1023.4(a)(2)(iii), however, authorizes the court, “if imposed on motion and warranted for effective deterrence”, to order payment to the movant of “some or all of the reasonable attorney’s fees and other expenses incurred as a direct result of the violation.” Any such award to the movant, however, should not exceed the expenses and attorney’s fees for the services directly and unavoidably caused by the violation of the certification requirement. If, for example, a wholly unsupportable count is included in a multi-count complaint or counterclaim for the purpose of needlessly increasing the cost of litigation, any award of expenses should be limited to those directly caused by inclusion of the improper count, and not those resulting from the filing of the complaint or answer itself. The award should not provide compensation for services that could have been avoided by an earlier disclosure of evidence or an earlier challenge to the groundless claims or defenses. Moreover, partial reimbursement of fees may constitute a sufficient deterrent.

The sanction should be imposed on the persons—whether attorneys, law firms, or parties—who have violated the rule or who may be determined to be responsible for violation. The person signing, filing, submitting, or advocating a document has a nondelegable responsibility to the court and, in most situations, is the person to be sanctioned for a violation. Absent exceptional circumstances, a law firm is to be held also responsible when one of its partners, associates, or employees is determined to have violated the rule. Since such a motion may be filed only if the offending paper is not withdrawn or corrected within 28 days after service of the [motion,] written notice and demand, it is appropriate that the law firm ordinarily be viewed as jointly responsible under established principles of agency.

Explicit provision is made for litigants to be provided notice of the alleged violation and an opportunity to respond before sanctions are imposed. Whether the matter should be decided solely on the basis of written submissions or should be scheduled for oral argument (or for evidentiary presentation) will depend on the circumstances. If the court imposes a sanction, it must, unless waived, indicate its reasons in a written order or on the record; a court is not required to explain its denial of a motion for sanctions.

By the Civil Procedural
Rules Committee

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