

**Rule 7.5 Firm\* Names and Trade Names**  
**(Proposed Rule Adopted by the Board on November 17, 2016)**

- (a) A lawyer shall not use a firm\* name, trade name or other professional designation that violates rule 7.1.
- (b) A lawyer in private practice shall not use a firm\* name, trade name or other professional designation that states or implies a relationship with a government agency or with a public or charitable legal services organization, or otherwise violates rule 7.1.
- (c) A lawyer shall not state or imply that the lawyer practices in or has a professional relationship with a law firm\* or other organization unless that is the fact.

**Comment**

The term “other professional designation” includes, but is not limited to, logos, letterheads, URLs, and signature blocks.



**PROPOSED RULES OF PROFESSIONAL CONDUCT 7.2, 7.3, 7.4 & 7.5  
(Current Rule 1-400)  
Advertising and Solicitation**

**EXECUTIVE SUMMARY**

The Commission for the Revision of the Rules of Professional Conduct (“Commission”) evaluated current rule 1-400 (Advertising and Solicitation) in accordance with the Commission Charter, with a focus on the function of the rule as a disciplinary standard, and with the understanding that the rule comments should be included only when necessary to explain a rule and not for providing aspirational guidance. In addition, the Commission considered the national standard of the ABA counterparts to rule 1-400, which comprise a series of rules that are intended to regulate the commercial speech of lawyers: Model Rules 7.1 (Communication Concerning A Lawyer’s Services), 7.2 (Advertising), 7.3 (Solicitation of Clients), 7.4 (Communication of Fields of Practice and Specialization), and 7.5 (Firm Names and Letterheads).

**Rule As Issued For 90-day Public Comment**

The result of the Commission’s evaluation is a three-fold recommendation for implementing:

- (1) The Model Rules’ framework of having separate rules that regulate different aspects of lawyers’ commercial speech:  
  
Proposed rule **7.1** sets out the general prohibition against a lawyer making false and misleading communications concerning the availability of legal services.  
  
Proposed rule **7.2** will specifically address advertising, a subset of communication.  
  
Proposed rule **7.3** will regulate marketing of legal services through direct contact with a potential client either by real-time communication such as delivered in-person or by telephone, or by directly targeting a person known to be in need of specific legal services.  
  
Proposed rule **7.4** will regulate the communication of a lawyer's fields of practice and claims to specialization.  
  
Proposed rule **7.5** will regulate the use of firm names and trade names.
- (2) The retention of the Board’s authority to adopt advertising standards provided for in current rule 1-400(E). Amendments to the Board’s standards, including the repeal of a standard, require only Board action; however, many of the Commission’s changes to the advertising rules themselves are integral to what is being recommended for the Board adopted standards. Although the Commission is recommending the repeal of all of the existing standards, many of the concepts addressed in the standards are retained and relocated to either the black letter or the comments of the proposed rules.
- (3) The elimination of the requirement that a lawyer retain for two years a copy of any advertisement or other communication regarding legal services.

The five proposed rules were adopted by the Commission during its March 31-April 1, 2016 meeting for submission to the Board of Trustees for public comment authorization. Following

consideration of public comment, there were no substantive changes made to proposed rules 7.2, 7.3, 7.4, and 7.5. A change was made to proposed rule 7.1 and is not part of this request for adoption, as we are requesting circulation for a second public comment period. See the Executive Summary for proposed rule 7.1 provided with the Commission's request for an additional public comment authorization.

**1. Recommendation of the ABA Model Rule Advertising & Solicitation Framework.**

The partitioning of current rule 1-400 into several rules corresponding to Model Rule counterparts is recommended because advertising of legal services and the solicitation of potential clients is an area of lawyer regulation where greater national uniformity would be helpful to the public, practicing lawyers, and the courts. The current widespread use of the Internet by lawyers and law firms to market their services and the trend in most jurisdictions, including California, toward permitting some form of multijurisdictional practice, warrants such national uniformity. In addition, a degree of uniformity should follow from the fact that all jurisdictions are bound by the constitutional commercial speech doctrine when seeking to regulate lawyer advertising and solicitation.

**2. Recommendation to repeal or relocate the current Standards into the black letter or comments of the relevant proposed rule but to retain current rule 1-400(E), which authorizes the Board to promulgate Standards.**

The standards are not necessary to regulate inherently false and deceptive advertising. The Commission reviewed each of the standards and determined that most fell into that category. Further, as presently framed, the presumptions force lawyers to prove a negative. They thus create a lack of predictability with respect to how a particular bar regulator might view a given advertisement. The standards also create a risk of inconsistent enforcement and an unchecked opportunity to improperly regulate "taste" and "professionalism" in the name of "misleading" advertisements. In the absence of deception or illegal activities, regulations concerning the content of advertisements are constitutionally permitted only if they are narrowly drawn to advance a substantial governmental interest. *Central Hudson Gas & Elec. v. Pub. Serv. Comm'n*, 447 U.S. 557 (1980); *Alexander v. Cahill*, 598 F.3d 79 (2d Cir. 2010) (state's ban on "advertising techniques" that are no more than potentially misleading are unconstitutionally broad).

Nevertheless, although the Commission's review led it to conclude that none of the current standards should be retained as standards, it determined that proposed rule 7.1 should carry forward current rule 1-400(E), the standard enabling provision, in the event future developments in communications or law practice might warrant the promulgation of standard to regulate lawyer conduct.

**3. Recommendation to eliminate the record-keeping requirement.** Following the lead of most jurisdictions in the country and the ABA itself, the Commission recommends eliminating the two-year record-keeping requirement in current rule 1-400(F). The ABA Ethics 2000 Commission explained the rationale:

"The requirement that a lawyer retain copies of all advertisements for two years has become increasingly burdensome, and such records are seldom used for disciplinary purposes. Thus the Commission, with the concurrence of the ABA Commission on Responsibility in Client Development, is recommending elimination of the requirement that records of advertising be retained for two years." (See ABA Reporter's Explanation of Changes, rule 7.2(b).)

The Commission also notes that because a “web page” is an electronic communication, (see State Bar Formal Ethics Op. 2001-155), it would be extraordinarily burdensome to require a lawyer to retain copies of each web page given how often the information on web pages are changed, and how often web pages are deleted. Nevertheless, the Commission also notes that even with the deletion of the requirement in rule 1-400(F), a one-year retention requirement would remain in Business and Professions Code section 6159.1. To address this discrepancy, the rule submission to the Supreme Court should include a note to this effect and recommend that, with the Supreme Court’s approval, the State Bar approach the legislature with a recommendation to delete that requirement.

A description of each of the proposed rules follows.

### **Rule 7.2 (Advertising)**

As noted, proposed rule 7.2 will specifically address advertising, a subset of communication.

Paragraph (a), derived from Model Rule 7.2(a) as modified, permits lawyers to advertise to the general public their services through any written, recorded or electronic media, provided the advertisement does not violate proposed rule 7.1 (prohibition on false or misleading communications) or 7.3 (prohibition on in-person, live telephone or real-time electronic communications). The addition to Model Rule 7.2(a) language of the terms “any” and “means of” are intended to signal that the different modes of communication listed (written, recorded and electronic) are expansive and not limited to currently existing technologies.

Paragraph (b) prohibits a lawyer from paying a person for recommending the lawyer’s services except in the enumerated circumstances set forth in subparagraphs (b)(1) through (b)(5). Subparagraph (b)(1) carries forward current rule 1-320’s Discussion paragraph, which does not “preclude compensation to the communications media in exchange for advertising the member’s or law firm’s availability for professional employment.” The term “reasonable” was added to modify “costs” to ensure such advertising costs do not amount to impermissible fee sharing with a nonlawyer. Subparagraph (b)(2) clarifies that payment of “usual charges” to a qualified lawyer referral service is not the impermissible sharing of fees with a nonlawyer. Subparagraph (b)(3) carries forward the exception in current rule 2-200(B). Subparagraph (b)(4) has no counterpart in the California rules. However, permitting reciprocal referral arrangements recognizes a common mechanism by which clients are paired with lawyers or nonlawyer professionals. Because these arrangements are permitted only so long as they are not exclusive and the client is made aware of them, public protection is preserved. Subparagraph (b)(5) carries forward the substance of the second sentence of current rules 2-200(B) and 3-120(B), which permit such gifts to lawyers and nonlawyers, respectively.

Paragraph (c), derived from Model Rule 7.2(c), as modified, requires the name and address of at least one lawyer responsible for the advertisement’s content. It carries forward the concept in current Standard No. 12.

There are four comments that provide interpretative guidance or clarify how the rule should be applied. Comment [1] provides interpretive guidance on the kinds of information that would generally not be false or misleading by providing a non-exhaustive list of permissible information. The comment’s last sentence carries forward the substance of rule 1-400, Standard No. 16 regarding misleading fee information. Comment [2] clarifies that neither rule 7.2 nor 7.3 [Solicitation of Clients] prohibits court-approved class action notices, a common form of communication with respect to the provision of legal services. Comment [3] provides interpretive

guidance by clarifying that a lawyer may not only compensate media outlets that publish or air the lawyer's advertisements, but also may retain and compensate employees or outside contractors to assist in the marketing the lawyer's services, subject to proposed rule 5.3 (Responsibilities Regarding Nonlawyer Assistants). Comment [4] clarifies how the rule should be applied to reciprocal referral arrangements, as permitted under subparagraph (b)(4), specifically focusing on the concept that such arrangements must not compromise a lawyer's independent professional judgment.

### **Rule 7.3 (Solicitation of Clients)**

As noted, proposed rule 7.3 will regulate marketing of legal services through direct contact with a potential client either by real-time communication such as delivered in-person or by telephone, or by directly targeting a person known to be in need of specific legal services through other means, e.g., letter, email, text, etc. It carries forward concepts that are found in current rule 1-400(B), (C), (D)(5) and Standard Nos. 3, 4, and 5.

Paragraph (a), derived from Model Rule 7.3(a), carries forward the concept of current rule 1-400(C), which contains the basic prohibition against what is traditionally understood to constitute improper "solicitation" of legal business by a lawyer engaging in real-time communication with potential clients. The concern is the ability of lawyers to employ their "skills in the persuasive arts" to overreach and convince a person in need of legal services to retain the lawyer without the person having had time to reflect on this important decision. The provision thus eliminates the opportunity for a lawyer to engage in real-time (i.e., contemporaneous and interactive) communication with a potential client. The term "real-time electronic contact" has been added from Model Rule 7.3 because the same concerns regarding in-person or live telephone communications applies to real-time electronic contact such as communications in a chat room or by instant messaging. The two exceptions to such solicitations are included because there is significantly less concern of overreaching when the solicitation target is another lawyer or has an existing relationship with the soliciting lawyer.

Paragraph (b), derived from Model Rule 7.3(b), is a codification of *Shapero v. Kentucky Bar Ass'n* (1988) 486 U.S. 466, in which the Supreme Court held that a state could not absolutely prohibit direct targeted mailings. The provision, however, recognizes that there are instances in which even any kind of communication with a client, including those permitted under rule 7.2, are prohibited. Such circumstances include when the person being solicited has made known to the lawyer a desire not to be contacted or when the solicitation by the lawyer "is transmitted in any manner which involves intrusion, coercion, duress or harassment." The latter situation largely carries forward the prohibition in current rule 1-400(D)(5). The Commission, however, determined that additional language in the latter provision, i.e., "compulsion," "intimidation," "threats" and "vexatious conduct," are subsumed in the four recommended terms: "intrusion, coercion, duress and harassment."

Paragraph (c), derived from Model Rule 7.3(c), largely carries forward current rule 1-400, Standard No. 5, and requires that every written, recorded or electronic communication from a lawyer seeking professional employment from a person known to be in need of legal services in a particular matter, i.e., direct targeted communications, must include the words "Advertising Material" or words of similar import. The provision is intended to avoid members of the public being misled into believing that a lawyer's solicitation is an official document that requires their response.

Paragraph (d), derived from Model Rule 7.3(d), would permit a lawyer to participate in a pre-paid or group legal service plan even if the plan engages in real-time solicitation to recruit members. Such plans hold promise for improving access to justice. Further, unlike a lawyer's solicitation of a potential client for a particular matter where there exists a substantial concern for overreaching by the lawyer, there is little if any concern if the plan itself engages in in-person, live telephone or real-time electronic contact to solicit members in the organization.

Paragraph (e), derived in part from Model Rule 7.3, cmt. [1], has been added to the black letter to clarify that a solicitation covered by this rule: (i) can be oral, (paragraph (a)) or written (paragraph (b)); and (ii) is a communication initiated by or on behalf of the lawyer. The first point is important because the traditional concept of a "solicitation" is of a "live" oral communication in-person or by phone. The second point is an important reminder that a lawyer cannot avoid the application of the rule by acting through a surrogate, e.g., runner or capper.

There are four comments that provide interpretative guidance or clarify how the rule should be applied. Comment [1] clarifies that a communication to the general public or in response to an inquiry is not a solicitation. Comment [2] provides an important clarification that a lawyer acting pro bono on behalf of a bona fide public or charitable legal services organization is not precluded under paragraph (a) from real-time solicitation of a potential plaintiff with standing to challenge an unfair law, e.g., school desegregation laws. This clarification can contribute to access to justice by alerting lawyers that real-time solicitations under conditions present in the cited Supreme Court opinion, *In re Primus*, are not prohibited. Comment [3] clarifies the application of paragraph (d). Comment [4] clarifies that regardless of whether the lawyer is providing services under the auspices of a permitted legal services plan, the lawyer must comply with the cited rules.

**Savings Clause.** In addition to the foregoing recommended adoptions, the Commission recommends the deletion of the savings clause in current rule 1-400(C) ("unless the solicitation is protected from abridgment by the Constitution of the United States or by the Constitution of the State of California.") The clause was added to the original California advertising rule in 1978 following the Supreme Court's decision in *Bates v. State Bar of Arizona*, when it was uncertain the extent to which limitations placed on lawyer commercial speech could survive Constitutional challenge. The clause's continued vitality is questionable at best. Through its decisions in the decades since *Bates*, the Supreme Court has repeatedly held that a state's regulation of a lawyer's initiation of in-person or telephonic contact with a member of the public does not violate the First Amendment. The Commission concluded that the clause is no longer necessary.

**Current Rule 1-400(B)(2)(b).** The Commission also recommends the deletion of current rule 1-400(B)(2)(b), which includes in that rule's definition of "solicitation" a communication delivered in person or by telephone that is "(b) directed by any means to a person known to the sender to be represented by counsel in a matter which is a subject of the communication." In recommending its deletion, the Commission reasoned that although the conduct described in 1-400(B)(2)(b) might give rise to a civil remedy for tortious interference with a contractual relationship, the provision does not belong in a disciplinary rule. Moreover, there are potential First Amendment issues with retaining this prohibition.

#### **Rule 7.4 (Communication of Fields of Practice and Specialization)**

As noted, proposed rule 7.4 will regulate the communication of a lawyer's fields of practice and claims to specialization. It carries forward concepts that are found in current rule 1-400(D)(6).

Paragraph (a), derived from Model Rule 7.4(d), as modified, states the general prohibition against a lawyer claiming to be a “certified specialist” unless the lawyer has been so certified by the Board of Legal Specialization or any accrediting entity designated by the Board. Placing this provision first is a departure from the Model Rule paragraph order. However, in conformance with the general style format for disciplinary rules, the Commission concluded that this prohibitory provision should come first, followed by paragraph (b), which identifies statements a lawyer is permitted to make regarding limitations on the lawyer’s practice.

Paragraph (b), derived from Model Rule 7.4(a), permits a lawyer to communicate that the lawyer does or does not practice in particular fields of law. A sentence has been added that provides a lawyer may engage in a common practice among lawyers who market their availability by communicating that the lawyer’s practice specializes in, is limited to, or is concentrated in a particular field of law.

The Commission does not believe any comments are necessary to clarify the black letter of the proposed rule.

**Recommended rejections of Model Rule provisions.** The Commission does not recommend adoption of Model Rule 7.4(b) or (c), both of which are statements regarding practice limitations or specializations that have been traditionally recognized (patent law in MR 7.4(b) and admiralty law in MR 7.4(c)), but which come within the more general permissive language of proposed paragraph (b).

### **Rule 7.5 (Firm Names and Trade Names)**

As noted, proposed rule 7.5 will regulate the use of firm names and trade names. It carries forward concepts in current rule 1-400(A), which identifies the kinds of communications the rule is intended to regulate, and Standard Nos. 6 through 9.

Paragraph (a) sets forth the general prohibition by clarifying that any use of a firm name, trade name or other professional designation is a “communication” within the meaning of proposed rule 7.1(a) and, therefore must not be false or misleading. The Commission, however, recommends departing from both current rule 1-400 and Model Rule 7.5 by eliminating the term “letterhead,” which is merely a subset of “professional designation” and has largely been supplanted by email signature blocks. (See also discussion re the single comment to this rule.

Paragraph (b), derived from the second sentence of Model Rule 7.5(a), as modified to be prohibitory rather than permissive, carries forward the concept in Standard No. 6 regarding communications that state or imply a relationship between a lawyer and a government agency.<sup>1</sup>

Paragraph (c), derived from Model Rule 7.5(d), as modified to be prohibitory rather than permissive, carries forward the concepts in Standard Nos. 7 and 8 that prohibit communications

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<sup>1</sup> Standard No. 6 provides the following is a presumed violation of rule 1-400:

(6) A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation which states or implies a relationship between any member in private practice and a government agency or instrumentality or a public or non-profit legal services organization.

that state or imply a relationship between a lawyer and a law firm or other organization unless such a relationship exists.<sup>2</sup>

There is a single comment that provides an explanation of the scope of the term, “other professional designation,” which includes not only letterheads but also more recent law marketing innovations such as logos, URLs and signature blocks.

### **Post-Public Comment Revisions**

After consideration of comments received in response to the initial 90-day public comment period, the Commission made non-substantive stylistic edits to proposed rule 7.2 and voted to recommend that the Board adopt the proposed rule.

After consideration of comments received in response to the initial 90-day public comment period, the Commission made no changes to proposed rules 7.3, 7.4, and 7.5. The commission voted to recommend that the Board adopt the proposed rule.

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<sup>2</sup> Standard Nos. 7 and 8 provide the following are presumed violations of rule 1-400:

(7) A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation which states or implies that a member has a relationship to any other lawyer or law firm as a partner or associate, or officer or shareholder pursuant to Business and Professions Code sections 6160-6172 unless such relationship in fact exists.

(8) A “communication” which states or implies that a member or law firm is “of counsel” to another lawyer or a law firm unless the former has a relationship with the latter (other than as a partner or associate, or officer or shareholder pursuant to Business and Professions Code sections 6160-6172) which is close, personal, continuous, and regular.



Current CA Rule 1-400 Advertising Standard	Text of Current CA Rule 1-400 Advertising Standard	Retained/ Repealed/ Relocated <sup>1</sup>	New Location, If Any
(1)	A “communication” which contains guarantees, warranties, or predictions regarding the result of the representation.	Relocated	Rule 7.1 Comment [2]
(2)	A “communication” which contains testimonials about or endorsements of a member unless such communication also contains an express disclaimer such as “this testimonial or endorsement does not constitute a guarantee, warranty, or prediction regarding the outcome of your legal matter.”	Relocated	Rule 7.1 Comment [4]
(3)	A “communication” which is delivered to a potential client whom the member knows or should reasonably know is in such a physical, emotional, or mental state that he or she would not be expected to exercise reasonable judgment as to the retention of counsel.	Repealed	(But see Rule 7.3(b)(2))
(4)	A “communication” which is transmitted at the scene of an accident or at or en route to a hospital, emergency care center, or other health care facility.	Repealed	(Compare B&P <a href="#">§6152(a)(1)</a> re running/capping)
(5)	A “communication,” except professional announcements, seeking professional employment for pecuniary gain, which is transmitted by mail or equivalent means which does not bear the word “Advertisement,” “Newsletter” or words of similar import in 12 point print on the first page. If such communication, including firm brochures, newsletters, recent legal development advisories, and similar materials, is transmitted in an envelope, the envelope shall bear the word “Advertisement,” “Newsletter” or words of similar import on the outside thereof.	Relocated	Rule 7.3(c)
(6)	A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation which states or implies a relationship between any member in private practice and a government agency or instrumentality or a public or non-profit legal services organization.	Relocated	Rule 7.5(b)

<sup>1</sup> **Retained** – The current Standard has been retained as a Standard in proposed Rule 7.1.  
**Repealed** – The current Standard has been repealed.  
**Relocated** – The substance of the current Standard has been modified and moved to either the black letter text of a proposed rule or to a “Comment” to a proposed rule.

Current CA Rule 1-400 Advertising Standard	Text of Current CA Rule 1-400 Advertising Standard	Retained/ Repealed/ Relocated <sup>1</sup>	New Location, If Any
(7)	A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation which states or implies that a member has a relationship to any other lawyer or a law firm as a partner or associate, or officer or shareholder pursuant to Business and Professions Code sections 6160-6172 unless such relationship in fact exists.	Relocated	Rule 7.5(c)
(8)	A “communication” which states or implies that a member or law firm is “of counsel” to another lawyer or a law firm unless the former has a relationship with the latter (other than as a partner or associate, or officer or shareholder pursuant to Business and Professions Code sections 6160-6172) which is close, personal, continuous, and regular.	Repealed	(Compare Rule 7.5(c) although that provision does not refer to “of counsel”)  <a href="#">See also, Rule 1.0.1 [Terminology] Comment [2] which incorporates a similar definition</a>
(9)	A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation used by a member or law firm in private practice which differs materially from any other such designation used by such member or law firm at the same time in the same community.	Repealed	(But see Rule 7.5(a) stating that such names must comply with Rule 7.1, prohibiting false or misleading communications)
(10)	A “communication” which implies that the member or law firm is participating in a lawyer referral service which has been certified by the State Bar of California or as having satisfied the Minimum Standards for Lawyer Referral Services in California, when that is not the case.	Repealed	(But see Rule 7.1(a) for the general prohibition against any false or misleading content)
(11)	(Repealed. See rule 1-400(D)(6) for the operative language on this subject.)	Repealed	<a href="#">(Note: substance of Rule 1-400(D)(6) found in Rule 7.4(a))</a>

Current CA Rule 1-400 Advertising Standard	Text of Current CA Rule 1-400 Advertising Standard	Retained/ Repealed/ Relocated <sup>1</sup>	New Location, If Any
(12)	A “communication,” except professional announcements, in the form of an advertisement primarily directed to seeking professional employment primarily for pecuniary gain transmitted to the general public or any substantial portion thereof by mail or equivalent means or by means of television, radio, newspaper, magazine or other form of commercial mass media which does not state the name of the member responsible for the communication. When the communication is made on behalf of a law firm, the communication shall state the name of at least one member responsible for it.	Relocated	Rule 7.2(c)  (Note: unlike Stnd. No. 12, a name of a lawyer is not required if a name of a law firm is provided)
(13)	A “communication” which contains a dramatization unless such communication contains a disclaimer which states “this is a dramatization” or words of similar import.	Repealed	(Compare B&P §6157.2(c) re impersonations, dramatizations, & spokespersons)
(14)	A “communication” which states or implies “no fee without recovery” unless such communication also expressly discloses whether or not the client will be liable for costs.	Relocated	Rule 7.1 Comment [3]
(15)	A “communication” which states or implies that a member is able to provide legal services in a language other than English unless the member can actually provide legal services in such language or the communication also states in the language of the communication (a) the employment title of the person who speaks such language and (b) that the person is not a member of the State Bar of California, if that is the case.	Alternatives:  Option 1 = Relocated <hr/> Option 2 = Retained	Option 1  Rule 7.1 Comment [5] <hr/> Option 2  Rule 7.1 Standard

Current CA Rule 1-400 Advertising Standard	Text of Current CA Rule 1-400 Advertising Standard	Retained/ Repealed/ Relocated <sup>1</sup>	New Location, If Any
(16)	An unsolicited “communication” transmitted to the general public or any substantial portion thereof primarily directed to seeking professional employment primarily for pecuniary gain which sets forth a specific fee or range of fees for a particular service where, in fact, the member charges a greater fee than advertised in such communication within a period of 90 days following dissemination of such communication, unless such communication expressly specifies a shorter period of time regarding the advertised fee. Where the communication is published in the classified or “yellow pages” section of telephone, business or legal directories or in other media not published more frequently than once a year, the member shall conform to the advertised fee for a period of one year from initial publication, unless such communication expressly specifies a shorter period of time regarding the advertised fee.	Relocated	Rule 7.2 Comment [1]

## COMMISSION REPORT AND RECOMMENDATION: RULE 7.5 [1-400]

### Commission Drafting Team Information

**Lead Drafter:** Carol Langford

**Co-Drafters:** Tobi Inlender, Howard Kornberg, Mark Tuft

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#### I. RELEVANT EXCERPTS FROM CURRENT CALIFORNIA RULE 1-400

There is no current California rule that specifically addresses the subject matter of Model Rule 7.5, from which proposed Rule 7.5 (“Firm Names and Trade Names”) is derived. However, the topic is addressed in both the black letter text of, and Standards to, current rule 1-400. Rule 1-400(A) provides in relevant part:

- (A)<sup>1</sup> For purposes of this rule, “communication” means any message or offer made by or on behalf of a member concerning the availability for professional employment of a member or a law firm directed to any former, present, or prospective client, including but not limited to the following:
- (1) Any use of *firm name, trade name, fictitious name, or other professional designation* of such member or law firm; or
  - (2) Any *stationery, letterhead, business card, sign, brochure, or other comparable written material* describing such member, law firm, or lawyers; or (Emphasis added)

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In addition, Standards (6) through (9) of rule 1-400 provide that the following communications “are presumed to be in violation of rule 1-400”:

(6) A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation which states or implies a relationship between any member in private practice and a government agency or instrumentality or a public or non-profit legal services organization.

(7) A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation which states or implies that a

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<sup>1</sup> California rule 1-400(D) states that such communications shall not:

- (1) Contain any untrue statement; or
- (2) Contain any matter, or present or arrange any matter in a manner or format which is false, deceptive, or which tends to confuse, deceive, or mislead the public; or
- (3) Omit to state any fact necessary to make the statements made, in the light of circumstances under which they are made, not misleading to the public . . .

member has a relationship to any other lawyer or a law firm as a partner or associate, or officer or shareholder pursuant to Business and Professions Code sections 6160-6172 unless such relationship in fact exists.

(8) A “communication” which states or implies that a member or law firm is “of counsel” to another lawyer or a law firm unless the former has a relationship with the latter (other than as a partner or associate, or officer or shareholder pursuant to Business and Professions Code sections 6160-6172) which is close, personal, continuous, and regular.

(9) A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation used by a member or law firm in private practice which differs materially from any other such designation used by such member or law firm at the same time in the same community.

## **II. FINAL VOTES BY THE COMMISSION AND THE BOARD**

### **Commission:**

Date of Vote: October 21 & 22, 2016

Action: Recommend Board Adoption of Proposed Rule 7.5

Vote: 15 (yes) – 0 (no) – 0 (abstain)

### **Board:**

Date of Vote: November 17, 2016

Action: Board Adoption of Proposed Rule 7.5

Vote: 14 (yes) – 0 (no) – 0 (abstain)

## **III. COMMISSION’S PROPOSED RULE (CLEAN)**

### **Rule 7.5 [1-400] Firm Names and Trade Names**

- (a) A lawyer shall not use a firm\* name, trade name or other professional designation that violates rule 7.1.
- (b) A lawyer in private practice shall not use a firm\* name, trade name or other professional designation that states or implies a relationship with a government agency or with a public or charitable legal services organization, or otherwise violates rule 7.1.
- (c) A lawyer shall not state or imply that the lawyer practices in or has a professional relationship with a law firm\* or other organization unless that is the fact.

### **Comment**

The term “other professional designation” includes, but is not limited to, logos, letterheads, URLs, and signature blocks.

#### IV. COMMISSION’S PROPOSED RULE (REDLINE TO ABA MODEL RULE 7.5)

##### Rule 7.5 [1-400] Firm Names and ~~Letterheads~~Trade Names

- (a) A lawyer shall not use a firm\* name, ~~letterhead~~trade name or other professional designation that violates rule 7.1.
- ~~(b) A trade name may be used by a~~ lawyer in private practice ~~if it does not imply a connection shall not use a firm\* name, trade name or other professional designation that states or implies a relationship~~ with a government agency or with a public or charitable legal services organization ~~and is not, or otherwise in violation of~~violates rule 7.1.
- ~~(b) A law firm with offices in more than one jurisdiction may use the same name or other professional designation in each jurisdiction, but identification of the lawyers in an office of the firm shall indicate the jurisdictional limitations on those not licensed to practice in the jurisdiction where the office is located.~~
- ~~(c) The name of a lawyer holding a public office shall not be used in the name of a law firm, or in communications on its behalf, during any substantial period in which the lawyer is not actively and regularly practicing with the firm.~~
- ~~(dc) Lawyers may~~A lawyer shall not state or imply that ~~they practice in a partnership~~the lawyer practices in or has a professional relationship with a law firm\* or other organization ~~only when~~unless that is the fact.

#### Comment

The term “other professional designation” includes, but is not limited to, logos, letterheads, URLs, and signature blocks.

~~[1] A firm may be designated by the names of all or some of its members, by the names of deceased members where there has been a continuing succession in the firm’s identity or by a trade name such as the “ABC Legal Clinic.” A lawyer or law firm may also be designated by a distinctive website address or comparable professional designation. Although the United States Supreme Court has held that legislation may prohibit the use of trade names in professional practice, use of such names in law practice is acceptable so long as it is not misleading. If a private firm uses a trade name that includes a geographical name such as “Springfield Legal Clinic,” an express disclaimer that it is a public legal aid agency may be required to avoid a misleading implication. It may be observed that any firm name including the name of a deceased partner is, strictly speaking, a trade name. The use of such names to designate law firms has proven a useful means of identification. However, it is misleading to use the name of a lawyer not associated with the firm or a predecessor of the firm, or the name of a nonlawyer.~~

~~[2] With regard to paragraph (d), lawyers sharing office facilities, but who are not in fact associated with each other in a law firm, may not denominate themselves as, for example, “Smith and Jones,” for that title suggests that they are practicing law together in a firm.~~

## **V. RULE HISTORY**

See Rule 7.1 Report and Recommendation, Section VI, for Rule 1-400 rule history.

## **VI. OCTC / STATE BAR COURT COMMENTS**

- **Gregory Dresser, Office of Chief Trial Counsel, 9/27/2016  
(In response to 90-day public comment circulation):**

1. OCTC is concerned that with the proposal to make the current rule into several separate rules for communications, advertising, and solicitation for the same reasons expressed in its Comments to 7.1.

Commission Response: Please refer to response to commenter regarding proposed Rule 7.1.

2. If adopted, OCTC supports the Comments to this rule.

Commission Response: No response required.

- **State Bar Court:** No comments were received from State Bar Court.

## **VII. PUBLIC COMMENTS & PUBLIC HEARING TESTIMONY**

During the 90-day public comment period, four public comments were received. Three comments agreed with the proposed Rule and one comment agreed only if modified. A public comment synopsis table, with the Commission’s responses to each public comment, is provided at the end of this report

## **VIII. RELATED CALIFORNIA LAW AND ABA MODEL RULE ADOPTIONS**

### **1. Related California Law**

See Rule 7.1 Report and Recommendation, Section IX.A, for Rule 1-400 related California law.

### **2. ABA Model Rule Adoptions**

The ABA Comparison Chart, entitled “Variations of the ABA Model Rules of Professional Conduct, Rule 7.5: Firm Name and Letterheads,” revised April 9, 2015, is available at:

- [http://www.americanbar.org/content/dam/aba/administrative/professional\\_responsibility/mrpc\\_7\\_5.pdf](http://www.americanbar.org/content/dam/aba/administrative/professional_responsibility/mrpc_7_5.pdf) [last visited 2/7/17]

- Twenty-four jurisdictions have adopted Model Rule 7.5 verbatim.<sup>2</sup> Twenty jurisdictions have adopted a slightly modified version of Model Rule 7.5.<sup>3</sup> Seven jurisdictions have adopted a version of the rule that is substantially different from Model Rule 7.5.”<sup>4</sup>

**IX. CONCEPTS ACCEPTED/REJECTED; CHANGES IN DUTIES; NON-SUBSTANTIVE CHANGES; ALTERNATIVES CONSIDERED**

**A. Concepts Accepted (Pros and Cons):**

1. Recommend adoption of the first sentence of Model Rule 7.5(a) as proposed paragraph (a), but substitute “trade name” for the term “letterhead,” and make a similar change to the rule title.
  - Pros: The provision clarifies that any use of a firm name, trade name or other professional designation is a “communication” within the meaning of proposed Rule 7.1(a) and, therefore, may not be false or misleading. As a general prohibition concerning firm names, in part this carries forward current rule 1-400’s restrictions on firm names more specifically stated in Standard No. 9 (re misleading use of multiple names for the same law practice). (See the Standards Cross-Reference Table, that identifies the disposition of each of the current standards. It is a separate attachment to this Report.) The substitution of “trade name” for “letterhead” is intended to update the rules in recognition that in the age of the Internet and electronic communications, lawyers’ letterheads have fallen into disuse. See also discussion of the proposed Comment to the rule.
  - Cons: None identified.
2. Recommend adoption of the second sentence of Model Rule 7.5(a), as modified, as proposed paragraph (b). The second sentence of Model Rule 7.5(a) has been modified so that it is prohibitory rather than permissive. In addition, the phrase “states or” has been added to “implied” so that the phrase is used consistently in the rules. (see, 7.5(c) and 7.4(b)).
  - Pros: Proposed paragraph(b) carries forward the concept that is found in

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<sup>2</sup> The twenty-four jurisdictions are: Arizona, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Idaho, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Mexico, Oklahoma, South Carolina, Tennessee, Utah, Vermont, Washington, West Virginia, Wisconsin, and Wyoming.

<sup>3</sup> The twenty jurisdictions are: Alaska, Georgia, Hawaii, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New York, North Carolina, North Dakota, Oregon, Pennsylvania, Rhode Island, South Dakota, and Virginia.

<sup>4</sup> The seven jurisdictions are: Alabama, California, Florida, Indiana, New Jersey, Ohio, and Texas.

current rule 1-400, Standard (6), which provides that the following communication is presumed to be in violation of rule 1-400:

(6) A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation which states or implies a relationship between any member in private practice and a government agency or instrumentality or a public or non-profit legal services organization.

In addition to making the second Model Rule sentence prohibitory, the Commission recommends assigning the provision its own paragraph to set apart this specific prohibition, which is intended to prevent misleading the public into believing a lawyer has relationships that will enhance that lawyer’s ability to achieve satisfactory results in a legal representation. (See the Standards Cross-Reference Table, that identifies the disposition of each of the current standards. It is a separate attachment to this Report.)

- Cons: The activity described in paragraph (b) is already more generally addressed in proposed Rule 7.1.

3. Recommend adoption of Model Rule 7.5(d), as modified, as proposed Rule 7.5(c). The paragraph has been modified to make the clause prohibitory rather than permissive.

- Pros: Proposed paragraph (c) carries forward the concepts that are found in current rule 1-400, Standards (7) and (8), which provide that the following communications are presumed to be in violation of rule 1-400:

(7) A “communication” in the form of a firm name, trade name, fictitious name, or other professional designation which states or implies that a member has a relationship to any other lawyer or law firm as a partner or associate, or officer or shareholder pursuant to Business and Professions Code §§ 6160-6172 unless such relationship in fact exists.

(8) A “communication” which states or implies that a member or law firm is “of counsel” to another lawyer or a law firm unless the former has a relationship with the latter (other than as a partner or associate, or officer or shareholder pursuant to Business and Professions Code §§ 6160-6172) which is close, personal, continuous, and regular.

These are important prohibitions that are intended to prevent misleading the public into believing a lawyer has relationships that will enhance that lawyer’s ability to achieve satisfactory results in a legal representation.

- Cons: The activity described in paragraph (c) is already more generally addressed in proposed Rule 7.1.

4. Recommend adoption of the proposed Comment, which explains the scope of the term “other professional designation.”
  - Pros: With the advent of the Internet, the means by which lawyers may designate themselves or their law firms has expanded well beyond the traditional letterhead. The proposed Comment provides interpretative guidance concerning the rule’s application by identifying various kinds of professional designations that are subject to the proposed rule.
  - Cons: None identified.

## **B. Concepts Rejected (Pros and Cons):**

1. Include ABA Model Rule 7.5(b), which requires law firms with offices in more than one jurisdiction to identify the jurisdictional limitations of lawyers in an office who are not licensed to practice in the jurisdiction where the office is located.
  - Pros: Although a failure to include an appropriate disclaimer about jurisdictions in which the lawyer is authorized to practice is a violation of Rule 7.1(a) as being misleading, this rule should expressly state that specific requirement, particularly in light of the widespread adoption of Model Rule 7.4(b).
  - Cons: The provision is unnecessary because a failure to include an appropriate disclaimer about where a lawyer is authorized to practice would be inherently misleading under proposed Rule 7.1(a).
2. Include ABA Model Rule 7.5(c) which prohibits using the name of a lawyer holding public office in the name of a law firm, or in communications on the its behalf, during any substantial period in which the lawyer is not actively and regularly practicing with the law firm.
  - Pros: Including this specific restriction should help lawyers avoid communications that state truthful facts but nevertheless might be difficult to present to the public in a manner that does not create unjustified expectations.
  - Cons: There is precedent for rejecting this rule. The first Commission included a counterpart to Model Rule 7.5(c) and the Board adopted it. However, after the Board’s adoption of Rule 7.5(c), Legislative staff provided comment on the policy that would result from the proposed rule’s implementation in California. Specifically, Legislative staff inquired as to whether the Model Rule has been applied in Model Rule jurisdictions as a complete ban and prior restraint on lawyer speech, as opposed to a standard that would be aligned with the commercial speech test for false, deceptive or misleading communications. It was observed that if the rule is susceptible to being applied as a ban, then that policy would be contrary to existing California law set by current rule 1-400 because the current rule prohibits a law firm name that includes the name of a

lawyer holding public office *only if* that law firm name is a false, deceptive, misleading or confusing message concerning the availability of legal services. In addition, Legislative staff also observed that the language used in Rule 7.5(c) might be challenged as vague. In particular, there is concern about the undefined, yet critical, phrases “substantial period” and “not actively and regularly practicing.”

3. Include the Comments to ABA Model Rule 7.5.

- Pros: Although the first Model Rule Comment is largely expository, the second Comment provides interpretative guidance regarding the rule’s application to office-sharing arrangements.
- Cons: The provisions of proposed Rule 7.5 are self-explanatory and do not require a Comment to clarify them further.

This section identifies concepts the Commission considered before the Rule was circulated for public comment. Other concepts considered by the Commission, together with the Commission’s reasons for not recommending their inclusion in the Rule, can be found in the Public Comment Synopsis Tables.

**C. Changes in Duties/Substantive Changes to the Current Rule:**

1. Although the proposed rule would create a new rule addressing the use of firm names and letterheads, none of these provisions would be a substantive change in the current law of California regarding the communication and use of firm names and letterheads.

**D. Non-Substantive Changes to the Current Rule:**

1. Substitute the term “lawyer” for “member”.

- Pros: The current Rules’ use of “member” departs from the approach taken in the rules in every other jurisdiction, all of which use the term lawyer. The Rules apply to all non-members practicing law in the State of California by virtue of a special or temporary admission. For example, those eligible to practice pro hac vice or as military counsel. (See, e.g., rules 9.40, 9.41, 9.42, 9.43, 9.44, 9.45, 9.46, 9.47, and 9.48 of the California Rules of Court.)
- Cons: Retaining “member” would carry forward a term that has been in use in the California Rules for decades.

2. Change the Rule number to conform to the ABA Model rules numbering and formatting (e.g., lower case letters).

- Pros: It will facilitate the ability of lawyers from other jurisdictions who are authorized by various Rules of Court to practice in California to find the California rule corresponding to their jurisdiction’s rule, thus permitting ease of

determining whether California imposes different duties. It will also facilitate the ability of California lawyers to research case law and ethics opinions that address corresponding rules in other jurisdictions, which would be of assistance in complying with duties, particularly when California does not have such authority interpreting the California rule. As to the “Cons” that there is a large body of case law that cites to the current rule numbers, the rule numbering was drastically changed in 1989 and there has been no apparent adverse effect. A similar change in rule numbering of the Rules of Court was implemented in 2007, also with no apparent adverse effect.

- Cons: There is a large body of case law that cites to the current rule numbers and California lawyers are presumed to be familiar with that numbering system.

#### **E. Alternatives Considered:**

The Commission considered retaining the California approach to the regulation of lawyer advertising and solicitation.

#### **X. COMMISSION RECOMMENDATION FOR BOARD ACTION**

##### **Recommendation:**

The Commission recommends adoption of proposed Rule 7.5 [1-400] in the form attached to this Report and Recommendation.

##### **Proposed Resolution:**

RESOLVED: That the Board of Trustees adopts proposed Rule 7.5 [1-400] in the form attached to this Report and Recommendation.