### IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS GALVESTON DIVISION

MAERSK TANKERS MR K/S	§
	§
Plaintiff,	§
	§
V.	§
	§ C.A. No. 3:22-cv-00390
M/T SWIFT WINCHESTER (IMO No.	§ In Admiralty Pursuant to Rule 9(h)
9470909), her engines, tackle,	§
appurtenances, etc., in rem, and	§
Winchester Shipping Inc., in personam,	§
	§
Defendants.	§

# PLAINTIFF'S VERIFIED OPPOSITION FILED IN CAMERA TO DEFENDANT'S MOTION TO DISQUALIFY COUNSEL, STRIKE PLEADINGS AND SUBMIT DOCUMENTS TO THE COURT IN CAMERA

Plaintiff, Maersk Tankers MR K/S ("Maersk Tankers"), asks the Court to deny the motion to disqualify counsel, Kelly M. Haas and SBSB Eastham, strike pleadings and submit documents to the court *in camera*.

#### **Factual Background**

- 1. On September 8, 2022, Steve Cunningham of Independent Maritime Consulting ("IMC") contacted Robert Klawetter and James Bailey of SBSB Eastham requesting assistance as the Swedish P&I Club's local correspondent. He further advised in the email that a surveyor from 3D Marine (MP Singh) had already been appointed and that the Member's (Winchester Shipping) legal counsel was C. Jonathan Benner of Thompson Coburn LLP in Washington, DC. *See* Doc. 37, Exhibit A.
- 2. On Saturday, September 10, 2022, Kelly M. Haas ("Ms. Haas") attended onboard the M/T SWIFT WINCHESTER while it was detained in the Port of Beaumont by the USCG for a Port State Control Inspection. In addition, there were representatives from V.Ships, 3D Marine,

Lloyd's Register, International Registries, as well as two attorneys from Hilder & Associates ("Hilder") onboard. Once the USCG boarded the vessel around 1000 hrs, a meeting was held to discuss the twenty deficiencies contained in the nine-page Port State Control Report of Inspection (Form B), two of which were MARPOL related. *See* Exhibit 1, *in camera*. The information contained in the Port State Control Report of Inspection is also available online at https://cgmix.uscg.mil/PSIX/PSIXSearch.aspx. *See* Exhibit 2.

- 3. The two Hilder attorneys were onboard on behalf of Winchester Shipping to assist the USCG in the MARPOL investigation. As such, they attended the inspection of the engine room and crew member interviews conducted by the USCG. Ms. Haas was not provided with any information or documents by the Hilder attorneys and has no knowledge of what information was gathered during their onboard investigation regarding any MARPOL violations. *See* Exhibit 1, *in camera*.
- 4. In addition to the two MARPOL cited deficiencies in the Port State Control Report of Inspection (Form B), there were <u>eighteen</u> non-MARPOL deficiencies related to the vessel's detention. While onboard, Ms. Haas helped the Master as needed to ensure that the non-MARPOL related deficiencies were corrected and inspected by the class surveyor from Lloyd's Register that was also onboard. These included things like lifeboats being provided with at least one drain valve fitted at the lowest point and ensuring that the self-closing fire door functioned properly. *Id*.
- 5. After the USCG departed the vessel at 1700 hrs on Saturday, September 10, 2022, Ms. Haas sent a report to the Swedish P&I Club informing: (1) who attended onboard the vessel that day and where each was during the USCG investigation; (2) the contents of the Port State Control Report of Inspection, noting which deficiencies were MARPOL related; (3) itemized list of the items taken into custody by the USCG, which were noted in a chain of custody form left on

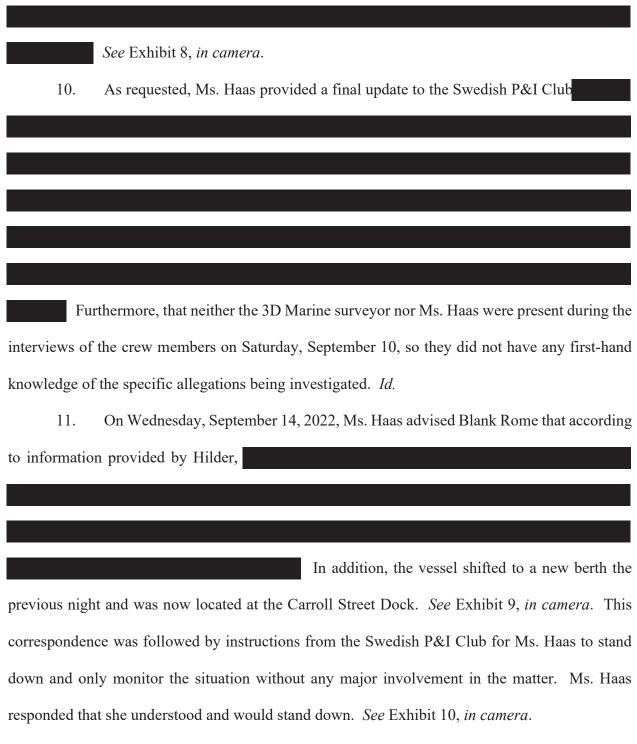
the vessel by the USCG; (4) advised that the USCG requested a mirror image copy of the hard drives from the Captain and Chief Engineer's computers and that to Ms. Haas' understanding V.Ships was arranging this to be done; and informed that the USCG advised before leaving the vessel they would hold a District 8 Legal meeting to discuss the deficiencies and that it was expected the vessel would be detained at least a week. *Id.* No other information was obtained by Ms. Haas, other than the general information provided in her report to the Swedish P&I Club at the conclusion of the onboard investigation. Once she departed the vessel that evening, she did not return to the vessel again.

- 6. On Sunday, September 11, 2022, Ms. Haas was included on a report from V.Ships to Lloyd's Register, 3D Marine, Hilder and the Master of the SWIFT WINCHESTER, advising that they had not received the updated Port State Control Inspection Report Form B (as they had advised they would send). As such, V.Ships called the local USCG to inquire and was advised that the USCG PSC inspector would be onboard between 0900 and 0930 that morning in order to finalize the Report with the Master. After receiving this email, V.Ships contacted Ms. Haas inquiring whether anyone would be attending onboard the vessel to continue the investigation. Since Ms. Haas was not part of the MARPOL investigation, she advised that she needed to contact the attorneys from Hilder & Associates to get an update. After doing so, she advised V.Ships that according to one of the Hilder attorneys the USCG would attend onboard to pick up the physical print outs of alarm history, but there would be no interviews, as such no attorneys were coming to the vessel. See Exhibit 3, in camera.
- 7. On Monday, September 12, 2022, Ms. Haas responded to the Swedish P&I Club regarding her understanding of the current version of the Port State Control Inspection Reports and advised that the surveyor from 3D Marine was in the Bahamas on another assignment, but she

would inquire about the status of his report.<sup>1</sup> Subsequently, SwiftBulk responded asking for clarification from the Senior Fleet Manager at V.Ships Norway about the Port State Control Inspection Reports and progress on addressing the listed deficiencies (none of which were MARPOL related). *See* Exhibit 5, *in camera*.

On Tuesday, September 13, 2022, SwiftBulk informed the Swedish P&I Club, V.Ships and Ms. Haas that "Owners have engaged new counsel, Blank Rome, in copy. Also copying our in-house counsel at Tiptree Inc...Owners counsel, Jeremy Herschaft, will be attending onboard the vessel in circa two hours, around 10am local time...Owners ask and fully expect the utmost cooperation with the Blank Rome team by all parties involved." See Exhibit 6, in camera. Ms. Haas confirmed the instructions and advised that she would coordinate with Mr. Herschaft and would assist him as instructed. *Id*. See Exhibit 7, in camera. 9. At 0854 hrs, Steve Cunningham of Independent Maritime called Ms. Haas on her cell phone to discuss This telephone call was followed by an email from the Swedish P&I Club

<sup>&</sup>lt;sup>1</sup> No report was ever provided by 3D Marine to Ms. Haas or her firm, SBSB Eastham. See Exhibit 4, in camera.



12. On Thursday, September 15, 2022, the USCG issued a Notice of Requirement of Bond or Other Surety. *See* Exhibit 11, *in camera*. Upon receipt, Ms. Haas inquired whether the Swedish P&I Club would require assistance with this matter and in response was instructed to

stand down since the notice involved a MARPOL violation. *See* Exhibit 12, *in camera*. At approximately 1900 hrs that same day, Jeremy Herschaft of Blank Rome called Ms. Haas to inquire about the background facts of the onboard investigation. Ms. Haas informed him that she was not involved in the MARPOL investigation and that she only assisted with the non-MARPOL related deficiencies cited on the Port State Control Inspection Reports. She recommended that he contact the attorneys from Hilder who were directly involved in the USCG crew interviews and engine room inspection. No further inquiries were received from Blank Rome until Mr. Herschaft emailed Ms. Haas on November 1, 2022, inquiring whether any reports were received from 3D Marine. *See* Exhibit 4, *in camera*.

13. The limited involvement of Kelly M. Haas and SBSB Eastham as the local correspondent for the Swedish P&I Club involved only the non-MARPOL cited deficiencies. No documents or information was obtained by Kelly M. Haas and SBSB Eastham with regard to the MARPOL violations. Their involvement was limited to assisting the Master of the SWIFT WINCHESTER and the Swedish P&I Club with responding to the non-MARPOL related issues. The attorneys from Hilder and Blank Rome were the firms involved with the MARPOL related matters.

#### Argument

Defendant Winchester Shipping seeks to disqualify Plaintiff's counsel, Kelly M. Haas and SBSB Eastham due to the limited timeframe of one week from September 8 through 15, 2022, that she and her firm served as local correspondents at the direction of the Swedish P&I Club for the non-MARPOL issues related to the detention of the SWIFT WINCHESTER. "Motions to disqualify are substantive motions affecting the rights of the parties and are

determined by applying standards developed under federal law." *In re Dresser Indus., Inc.*, 972 F.2d 540, 544 (5th Cir. 1992). The Fifth Circuit has "made clear that 'disqualification cases are governed by state and national ethical standards adopted by the court.'" *Henry v. City of Sherman, Texas*, No. 4:17-CV-00313-ALM, 2017 WL 6268744, at \*1 (E.D. Tex. Dec. 8, 2017) (quoting *FDIC v. U.S. Fire Ins. Co.*, 50 F.3d 1304, 1311–12 (5th Cir. 1995) (quoting *In re Am. Airlines, Inc.*, 972 F.3d 605, 610 (5th Cir. 1992))). The attorney disqualification rules are not to be mechanically applied. *See Johnston v. Harris Cnty. Flood Control Dist.*, 869 F.2d 1565, 1569 (5th. Cir. 1989). "All of the facts particular to a case must be considered, in the context of the relevant ethical criteria and with meticulous deference to the litigant's rights." *FDIC v. U.S. Fire Ins. Co.*, 50 F.3d 1304, 1314 (5th Cir. 1995).

#### A. Legal Standard

- look first to "the local rules promulgated by the local court itself." *In re ProEducation International, Inc.,* 587 F.3d 296, 299 (5th Cir. 2009); *FDIC v. U.S. Fire Ins. Co.,* 50 F.3d 1304, 1312 (5th Cir.1995). The Local Rules of the Southern District of Texas provide that the minimum standard of practice shall be the Texas Disciplinary Rules of Professional Conduct (Texas Rules), but the reviewing court should also consider ethical rules announced by the national profession in light of the public interest and litigants' rights. *In re American Airlines, Inc.,* 972 F.2d 605, 610 (5th Cir.1992). The Fifth Circuit has recognized the ABA Model Rules of Professional Conduct (Model Rules) as a source of national standards to consider in reviewing motions to disqualify. *Id.*
- 16. The moving party has the burden of proving that disqualification is proper. *Duncan* v. *Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 646 F.2d 1020, 1028 (5th Cir. 1981). Motions to disqualify are subject to an exacting standard that is intended to both protect a party's right to counsel of choice, as well as to discourage the use of such motions as a "dilatory trial tactic." *Id.*

NCNB Tex. Nat'l Bank v. Coker, 765 S.W.2d 398, 399 (Tex. 1989); Henry v. City of Sherman, Texas, 2017 WL 6268744, \*3–4 (E.D. Tex. 2017). "Rather than indiscriminately gutting the right to counsel of one's choice, [the Fifth Circuit has] held that disqualification is unjustified without at least a reasonable possibility that some identifiable impropriety actually occurred." FDIC v. U.S. Fire Ins. Co., 50 F.3d 1304, 1316 (5 Cir. 1995). "A disqualification inquiry, particularly when instigated by an opponent, presents a palpable risk of unfairly denying a party the counsel of his choosing. Therefore, notwithstanding the fundamental importance of safeguarding popular confidence in the integrity of the legal system, attorney disqualification . . . is a sanction that must not be imposed cavalierly." Id. at 1316 (emphasis added).

17. In Texas, disqualification is considered a "severe remedy." *NCNB Tex. Nat'l Bank v. Coker*, 765 S.W.2d 398, 399 (Tex. 1989); *Henry v. City of Sherman, Texas*, 2017 WL 6268744, \*3–4 (E.D. Tex. 2017). The United States Supreme Court has similarly expressed its "concerns about the tactical use of disqualification motions to harass opposing counsel." *Richardson-Merrell, Inc. v. Koller*, 472 U.S. 424, 436 (1985). Justice Brennan observed that "[t]he tactical use of attorney-misconduct disqualification motions is a deeply disturbing phenomenon in modern civil litigation." *Id.* at 441 (Brennan J., concurring); see also *Galderma Labs., L.P. v. Actavis Mid Atlantic LLC*, 927 F. Supp. 2d 390, 395 (N.D. Tex. 2013) (citing ABA MODEL RULES OF PROF'L CONDUCT, Scope, cmt. 20 (2010)("When the Model Rules are invoked as procedural weapons, the party subverts the purpose of the ethical rules."). "A court should be conscious of its responsibility to preserve a reasonable balance between the need to ensure ethical conduct on the part of lawyers appearing before it and other social interests, which include the litigant's right to freely chosen counsel." *Woods v. Covington Cty. Bank*, 537 F.2d 804, 810 (5th Cir. 1976) (citing *Emle Indus.*,

Inc. v. Patentex, Inc., 478 F.2d 562, 564–65 (2d Cir. 1973)); Henry v. City of Sherman, Texas, 2017 WL 6268744, \*3–4 (E.D. Tex. 2017).

18. Texas Rules do not prohibit lawyers from representing clients in matters that are adverse to a former client, unless the current representation involves the same or a substantially related matter as the prior representation, the violation in reasonable probability will involve a violation of Rule 1.05, or the validity of the lawyer's services or work product for the former client is at issue in the current matter. Tex. Disciplinary Rules Prof'l Conduct R. 1.09(a).

# B. The Current Representation and the Onboard Attendance as P&I Club Local Correspondents do not involve the same or substantially related matters.

- 1. Applicable Standards.
- 19. Under Rule 1.09(a)(3) of the Texas Disciplinary Rules, absent prior client consent, a lawyer may not take a representation that is adverse to a former client if the new case "is the same or a substantially related matter." Tex. Disciplinary Rules Prof'l Conduct R. 1.09(a)(3). "A party seeking to disqualify opposing counsel on the ground of a former representation must establish a substantial relationship between the subject matter of the former and present representations." *Johnson v. Harris County Flood Control Dist.*, 869 F.2d 1565, 1569 (5th Cir. 1989). This test is not applied in a mechanical way that might "prevent an attorney from ever representing an interest adverse to that of a former client." *In re American Airlines, Inc.*, 972 F.2d at 614. "Rather, a substantial relationship may be found only after the moving party delineates with specificity the subject matters, issues and causes of action common to prior and current representations and the court engages in a painstaking analysis of the facts and precise application of precedent." *Id.* (internal quotation marks omitted). "*Merely pointing to a superficial resemblance between the present and prior representations will not substitute for the careful comparison demanded by the cases.*" *Duncan*, 646 F.2d at 1029 (emphasis added).

- that a lawyer may divulge in one matter confidential information obtained in the other because the facts and issues involved in both are so similar." *In re EPIC Holdings, Inc.*, 985 S.W.2d 41, 51 (Tex. 1998). ABA Model Rule 1.9 applies a similar standard to duties owed to former clients; the Fifth Circuit has opined that ABA Rule 1.9 is identical to Texas Rule 1.09 in all important respects. *In re American Airlines*, 972 F.2d at 615 (focusing discussion on Texas rules due to their similarity to ABA Model Rules). Defendant has failed to show that there is a genuine threat that Kelly M. Haas or SBSB Eastham may divulge confidential information obtained during the shipboard attendance as the P&I Club Local Correspondent.
- 21. Factors that bear on the determination of whether the current and former representations are substantially related include: "(1) the factual similarities between the current and former representations, (2) the similarities between the legal questions posed, and (3) the nature and extent of the attorney's involvement with the former representation." *Power Mosfet Techs., L.L.C. v. Siemens AG*, 2002 WL 32785219, at \*2 (E.D. Tex. Sept. 30, 2002)(internal quotation marks omitted)(quoting *Dieter v. Regents of the Univ. of Cal.*, 963 F. Supp. 908, 911-12 (E.D. Cal. 1997)).
- 22. The brief shipboard attendance as the P&I Club Local Correspondent by Kelly M. Haas in order to assist the Master of the SWIFT WINCHESTER with addressing the non-MARPOL cited deficiencies in the Port State Control Report of Inspection is not similar to the current litigation, which involves the Defendant's breach of its duties under the Pool Agreement to defend Maersk Tankers against the claims being asserted by PMI. No documents or information were obtained by Kelly M. Haas and SBSB Eastham with regard to the MARPOL violations or the subsequent delays that form the basis of the PMI claim. Their involvement was limited to

assisting the Master of the SWIFT WINCHESTER and the Swedish P&I Club with responding to the non-MARPOL related issues. The attorneys from Hilder and Blank Rome were involved with the MARPOL related matters, not Kelly M. Haas and SBSB Eastham.

- 2. <u>The pending litigation and shipboard attendance as P&I Club Local</u> Correspondents are not substantially related.
- litigation involving the Defendant's breach of its duties under the Pool Agreement to defend Maersk Tankers against the claims being asserted by PMI is substantially related to the shipboard attendance by Ms. Haas as the P&I Club Local Correspondent. In its Motion, Defendant essentially and summarily argues that simply because she attended onboard at the same time as others that were conducting a MARPOL investigation, that she possesses attorney-client communications relating to the MARPOL investigation, which is simply not true. It is evident from the exhibits provided to the Court, that the information she was provided was limited to the non-MARPOL related deficiencies and that the few documents provided were also unrelated to the MARPOL investigation. No documents or information were obtained by Kelly M. Haas and SBSB Eastham with regard to the MARPOL violations or the subsequent delays that form the basis of the PMI claim. In relying on these superficial allegations, Defendant fails to meet the burden imposed upon them.
- 24. The Fifth Circuit has consistently held that disqualification affidavits must delineate "with specificity the subject matters, issues, and causes of action presented in the former representation" and that a "superficial resemblance between the present and prior representations" is not sufficient to support disqualification. In the *Duncan* case, Merrill Lynch sought to disqualify its former counsel, Smathers & Thompson, from representing members of a class action filed against Merrill Lynch. In support of its disqualification motion, Merrill Lynch submitted an

affidavit listing ten matters in which the firm represented Merrill Lynch over 10 years. The affidavit explained, in general terms, that the firm represented Merrill Lynch in matters that involved stock, commodities, municipal and government securities, margin accounts, Merrill Lynch's relationships with its customers, Merrill Lynch's relationships with its employees, Merrill Lynch's procedures and its records, the rules and regulations of various regulatory bodies, the federal securities laws, the Florida securities laws and specifically Chapter 517, class actions, and common law. The work performed by the Smathers firm had included reviews of Merrill Lynch records, conferences with Merrill Lynch officers and employees, legal research, depositions, interrogatories, requests to produce, expert witnesses, hearings, motions, trials and appeals. Duncan v. Merrill Lynch, Pierce, Fenner & Smith, Inc., 646 F.2d 1020, 1029 (5th Cir.1981), disavowed on other grounds. Merrill Lynch provided an additional affidavit which elaborated on several of the cases. The Fifth Circuit held these affidavits failed to describe with sufficient detail the relationship between the firm's prior and present representations or that the firm had knowledge of Merrill Lynch's practices and procedures which were the subject matter of the current suit. It cautioned that the district court must focus on "the precise nature of the relationship between the present and former representation" and conduct a "painstaking analysis of the facts." Id. Here, Defendant provides no such information by way of argument or declaration/affidavit. Defendant's unverified Motion is based wholly on nonspecific allegations asserted by its counsel and is not supported by any verified evidence or sworn testimony. This Court should hold that the two matters are not "substantially related" and dismiss Defendant's motion as there is no conflict in the limited shipboard attendance or current representation.

# C. The shipboard attendance as P&I Club Local Correspondents will not in reasonable probability involve a violation of Rule 1.05.

- 25. Defendant asserts that Kelly M. Haas and SBSB Eastham possess confidential information regarding the MARPOL investigation due to their limited attendance onboard the SWIFT WINCHESTER as the P&I Club Local Correspondents and therefore must be disqualified. Defendant's argument lacks merit. No documents or information were obtained by Kelly M. Haas and SBSB Eastham with regard to the MARPOL violations or the subsequent delays that form the basis of the PMI claim.
- 26. Rule 1.09(a)(2) prohibits representation of a client who is adverse to a former client "if the representation in reasonable probability will involve a violation of Rule 1.05." TEX. DISCIPLINARY RULES PROF'L CONDUCT R. 1.09(a)(b). Rule 1.05 addresses confidential information of former clients.
- 27. Under Rule 1.05(b)(1), a lawyer may not reveal confidential information of a former client to a person the client has instructed is not to receive information or to anyone else other than the client's representatives or personnel of the law firm. There is no allegation or evidence that Kelly M. Haas or any attorney at SBSB Eastham revealed any confidential information to Maersk Tankers other person or entity that the Defendant has not authorized to receive such information.
- 28. Under Disciplinary Rule 1.05(b)(3), a lawyer shall not "[u]se confidential information of a former client to the disadvantage of the former client after the representation is concluded unless the former client consents after consultation or the confidential information has become generally known." There is no allegation or evidence that Kelly M Haas or SBSB Eastham lawyers have used any confidential information from the Defendant, and none can be provided, since they have not used any confidential information.

- 29. It is not enough to allege that former counsel has confidential information. "[Defendant's] motion and supporting evidence must "adequately identify the disclosures made to [Kelly M. Haas and SBSB Eastham] . . . to allow the Court to determine whether disqualification is warranted" under the confidential information theory. *Abney*, 984 F. Supp. at 529; *Islander East Rental Program v. Ferguson*, 917 F. Supp. 504, 511–13 (S.D. Tex. 1996). A former client arguing for disqualification must make some showing that some substantive conversations between the former client and the attorney occurred which contained information relevant to the present litigation. *Id.* Defendant has made no such showing.
- 30. Defendant alleges that Ms. Haas and SBSB Eastham had access to Defendant's confidential information regarding the MARPOL investigation and such confidential information was conveyed between SBSB Eastham and Defendant. Specifically, a description of the MARPOL violations, the equipment at issue, the crewmembers who were interviewed, and other details concerning the investigation, which remains ongoing. The description of the MARPOL violations and the equipment at issue are information that is readily available to the public on the USCG's website. *See* Exhibit 2. Simply knowing which crewmembers were interviewed by the USCG and having no knowledge of any of the information provided does not meet the level of having confidential information. *See* Exhibits 1 and 8, *in camera*. Finally, the vague statement of "other details concerning the investigation is not sufficient to disqualify counsel. None of the alleged information meets the level of attorney-client confidential information.
- 31. Defendant failed to meet its burden. If Defendant's motion could simply be supported by counsel arguing that Kelly M. Haas and SBSB Eastham "necessarily" learned from their limited shipboard attendance that a MARPOL investigation was being conducted at the same time as a Port State Control Inspection for non-MARPOL related deficiencies, Rule 1.09(a) would

be meaningless, and a lawyer could never be adverse to a former client. But, that is **not** the law and the Court must deny Defendant's motion.

### **CONCLUSION**

32. Defendant has failed to meet its burden that disqualification of Kelly M. Haas and SBSB Eastham is warranted. For these reasons, Plaintiff asks the Court to deny Defendant's motion for a protective order.

Respectfully submitted,

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#### **VERIFICATION**

- 1. I am a member of the law firm Schouest, Bamdas, Soshea, BenMaier & Eastham, PLLC, counsel for the Plaintiff.
- 2. The facts alleged in the foregoing Response in Opposition are true and correct based upon my information and belief. The basis of my information and belief is the information from reviewing various documents and materials and from my personal recollection of the onboard attendance as the P&I Club Local Correspondent.
- 3. I verify that the facts alleged in the foregoing Response in Opposition are true and correct.

KELLY M. HAAS

SWORN TO AND SUBSCRIBED TO BEFORE ME under my hand and official seal of office this day of November, 2022.

AMY L. DUROCHER

Notary Public, State of Texas

Comm. Expires 03-28-2026

Notary ID 11011460

Notary Public, State of Texas