004 Membership Has Its Privileges-Or Does It?

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Prior to joining Ford, Ms. Hill was a partner for several years with the Chicago firm of Lord, Bissell & Brook, having primary responsibility for the directors and officers liability practice and the employment practices liability area, which she developed and managed. Her primary clients were various underwriters at Lloyd's, London and U.S.-based professional liability insurers. She became a registered professional liability underwriter after school.

Ms. Hill serves on ACC's Board of Directors. She is an editor of the ABA's Business Law Today magazine and chairs the ABA section of business law ambassadors committee. She is also a member of the ABA standing committee on membership and she is the co-chair of the consumer financial services state and federal trade practices committee. She is on the advisory board of the Practicing Law Institute and the national lawyers' committee for civil rights. She was honored in Crain's Chicago Business "40 Under 40", and chosen as a U.S. Delegate to the European Series sponsored by The London School of Economics and the British Embassy. She also received the Black Women Lawyers Association Distinguished Service Award.

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Prior to joining Comcast, she was the chair of the litigation department of Ballard Spahr Andrews & Ingersoll, LLP, where she was a labor and employment litigator. She is a former city solicitor of the City of Philadelphia and a former assistant U.S. attorney for the E.D. PA. She also was a trial lawyer in the U.S. Dept. of Justice, Civil Rights Division.

She is a member of the ABA standing committee on federal judiciary and a former chair of the ABA commission on diversity. She served as a member of the Supreme Court of Pennsylvania gender and race bias task force. She is a former chair of the board of the Federal Reserve Bank of Philadelphia.

Robbie E. Narcisse

Robbie E. B. Narcisse, is vice president, global ethics and business practices at Pitney Bowes Inc. in Stamford, Connecticut. In this capacity, she is responsible for overseeing the company's compliance and ethics program which includes an ethics helpline, ethics and compliance training, investigations and assessments, security, prevention of critical incidents, and other related support to the company.

Prior to that, she served as deputy general counsel-corporate, where she managed a staff of attorneys in the corporate legal department, which provided legal advice and counsel to the company's various North American divisions in all aspects of corporate commercial law. She also served as lead in-house counsel for all domestic matters affecting the company's largest division, global mailstream solutions, in a corporate practice that covered all aspects of general commercial law. In her tenure with Pitney Bowes, she has held succeeding positions of responsibility in the corporate legal department.

Ms. Narcisse is currently a member of the board of directors of the Minority Corporate Counsel Association, and is also a member of the Association of the Bar of the city of New York, the ABA; the National Bar Association; the ACC and the Ethics Officers Association. She is also involved in various local activities providing literacy and career support for youth.

Ms. Narcisse is a graduate of the University of California Boalt Hall School of Law, and received her M.A. from Stanford University.

AN IN-HOUSE LAWYER'S GUIDE TO THE ATTORNEY-CLIENT PRIVILEGE AND WORK PRODUCT DOCTRINE

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TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

I. ATTORNEY-CLIENT PRIVILEGE

A. Introduction

1. Importance of the Attorney-Client Privilege

The attorney-client privilege represents perhaps the most important legal doctrine that lawyers must learn.

The attorney-client privilege potentially applies every time that lawyers communicate with their agents, their clients, or their clients' agents.

Because the privilege can be subtle and complicated, clients cannot be expected to understand it.

- This means that lawyers necessarily play the primary role in properly creating the privilege, teaching their clients about the privilege and avoiding its waiver.

Because the privilege often covers communications that are frank and self-critical (which, as explained below, is the very purpose of the privilege), improperly creating the privilege or losing it later can have disastrous results.

- Cases are lost every day because lawyers or improperly-trained clients do not correctly create the privilege, or lose the privilege

Lawyers making mistakes can lose their clients, be sued in malpractice cases and (because of the ethical duty discussed below) sanctioned by the bar.

2. Difference Between the Attorney-Client Privilege and the Ethical Duty of Confidentiality

The ethical duty of confidentiality sometimes parallels the attorney-client privilege, but has a different source, a different purpose and a different scope.

The ethical duty of confidentiality comes from each state's ethics rules (rather than the common law).

The ethical duty applies at all times, and does not arise only when a third party seeks access to attorney-client communications.

- In contrast, the attorney-client privilege is an evidentiary rule that protects certain limited communications from a disclosure if a third party seeks to discover them.

Under most formulations of the ethical duty, lawyers must preserve the confidentiality of "information relating to the representation of a client." ABA Model Rule 1.6(a).

- The old ABA Code of Professional Responsibility followed a different approach. The ABA Model Code required lawyers to preserve the confidentiality of "confidences" and "secrets." The old ABA Model Code defined "confidence" as "information protected by the attorney-client privilege under applicable law," and defined "secret" as "other information gained in the professional relationship that the client has requested be held inviolate or the disclosure of which would be embarrassing or would be likely to be detrimental to the client." ABA Model Code DR 4-101(A).

- Some states continue to follow this old ABA Model Code approach. See, e.g., Virginia Rule 1.6(a).

ABA Model Rule 1.6 cmt. [3] explains the relationship between the attorney-client privilege (and work product doctrine) and the broader ethical duty of confidentiality.

- ABA Model Rule 1.6 cmt. [3] ("The principle of client-lawyer confidentiality is given effect by related bodies of law: the attorney-client privilege, the work product doctrine and the rule of confidentiality established in professional ethics. The attorney-client privilege and work-product doctrine apply in judicial and other proceedings in which a lawyer may be called as a witness or otherwise required to produce evidence concerning a client. The rule of client-lawyer confidentiality applies in situations other than those where evidence is sought from the lawyer through compulsion of law. The confidentiality rule, for example, applies not only to matters communicated in confidence by the client but also to all information relating to the representation, whatever its source. A lawyer may not disclose such information except as authorized or required by the Rules of Professional Conduct or other law.").

Thus, the ethical duty will cover information that the privilege does not protect.

- Examples include the client's identity, the amount of fees paid, information about a client obtained from public records or from some third party.

3. Source of Privilege Law

a. History of the Attorney-Client Privilege

The attorney-client privilege is the law's oldest recognized protection from disclosure.

- The privilege's roots go back at least to Elizabethan times. United States v. (Under Seal), 748 F.2d 871, 873 (4th Cir. 1984).

b. State Law

Each state has developed its attorney-client privilege principles organically -- through the common law.

- Although some states have incorporated all or part of their privilege law in statutes, most states continue to recognize the privilege in the common law tradition. Restatement (Third) of Law Governing Lawyers § 68 cmt. d at 521 (1998).

c. Federal Common Law

Federal courts have also developed a "federal common law" set of attorney-client privilege principles. Swidler & Berlin v. United States, 524 U.S. 399, 118 S. Ct. 2081, 2084 (1998).

d. Extent and Effect of Variations in the Privilege Law

Thankfully for lawyers who are trying to directly apply the attorney-client privilege, most states follow a standard formulation of the privilege. In re Diet Drugs Prods. Liab. Litig., MDL No. 1203, 2001 U.S. Dist. LEXIS 5494, at *19 n.3 (E.D. Pa. Apr. 19, 2001).

- Ironically, there is less variation among the states' attorney-client privilege principles than among federal courts' interpretation of the identical federal rule on the work product doctrine (discussed below).

On the other hand, some differences might create a problem for corporations.

- For instance, Illinois continues to follow the "control group" test for the privilege.

- As explained below, this approach applies the privilege only to communications between a company's lawyers and those with decision-making authority (and those on whom the decision-makers rely for providing advice about the decisions).

- A company litigating in Illinois might find that the Illinois court will apply the Illinois privilege law -- meaning that the court will find unprotected communications taking place in other states that both the lawyers and the clients thought at the time would be protected by a law other than Illinois's.

4. Choice of Laws

As mentioned above, most jurisdictions follow essentially the same basic principles governing the attorney-client privilege.

- This is welcome news, because determining exactly which law applies can be a nightmare.

Because the attorney-client privilege is tested, vindicated, or lost in litigation, it is helpful to examine what law courts addressing the privilege will select for determining privilege issues.

- This is not to say that transactional lawyers can always rely on their litigation colleagues to understand and apply privilege issues.
- On the contrary -- transaction lawyers are much more responsible than litigators for properly creating the privilege.
- They are also more likely than litigators to lose the privilege by either themselves sharing privileged communications with someone outside the intimate attorney-client relationship, or failing to warn their clients against doing so.

a. State Court Litigation

In state court litigation, courts use standard choice of law principles to determine what state's privilege will apply.

- This might be an easy task in very certain limited litigation.
- For instance, a state court dealing with a company having employees only in that state communicating between themselves (or with their lawyer) only in that state will usually (but not always) apply that state's attorney-client privilege law.

However, in today's world, such scenarios seem rare. In a more typical situation, a company with headquarters in one state and manufacturing sites or sales offices in many states will want to protect communications between its employees and lawyers in yet other states, perhaps involving transactions taking place elsewhere, sometimes even with a foreign element (discussed in more detail below).

b. Federal Court Litigation

In federal court, the situation is even more complicated.

- Courts handling federal question cases in federal court will apply federal common law to privilege issues. Kline v. Gulf Ins. Co., No. 1:01-CV-213, 2001 U.S. Dist. LEXIS 20603, at *3-4 (W.D. Mich. Nov. 26, 2001); In re Pioneer Hi-Bred Int'l, Inc., 238 F.3d 1370 (Fed. Cir. 2001).
- Most (but not all) federal court will also apply federal common law to any state law issues they are handling under their ancillary jurisdiction.

In diversity cases, federal courts will follow the choice of law rules of the state in which they are sitting. Satcom Int'l Group, PLC v. Orbcomm Int'l Partners, L.P., No. 98 CIV. 9095 DLC, 1999 WL 76847, at *1 (S.D.N.Y. Feb. 16, 1999).

State or federal courts searching for the appropriate privilege law under these choice-of-laws rules have applied the following privilege law:

- The law of the state where the privileged communication occurred. Nance v. Thompson Med. Co., 173 F.R.D. 178, 181 (E.D. Tex. 1997).
- The law of the state "where the evidence will be introduced at trial." Satcom Int'l Group, PLC v. Orbcomm Int'l Partners, L.P., No. 98 CIV. 9095 DLC, 1999 WL 76847, at *1 (S.D.N.Y. Feb. 16, 1999).
- The law of the state where the discovery "is taking place." CSX Transp., Inc. v. Lexington Ins. Co., 187 F.R.D. 555, 559 (N.D. Ill. 1999).
- The law of the state where "the defendant's attorney-client relationships were formed." Note Funding Corp. v. Bobian Inv. Co., No. 93 CIV. 7427 (DAB), 1995 WL 662402, at *1 (S.D.N.Y. Nov. 9, 1995).
- The law of the state indicated by the traditional "center of gravity" test. Hyde Constr. Co. v. Koehring Co., 455 F.2d 337, 341 (5th Cir. 1972).
- The law of the state where (i) the attorney-client relationship arose; (ii) the defendant was incorporated; (iii) the defendant had its principal place of business; and (iv) the defendant's law firm was located. McNulty v. Bally's Park Place, Inc., 120 F.R.D. 27, 31 (E.D. Pa. 1988).
- The law of the state where a party's litigation conduct implicated the waiver doctrine, rather than the state where the documents at issue were created. Baker v. General Motors Corp., 209 F.3d 1051, 1057 (8th Cir. 2000).
- The law of the state where the defendant was headquartered and its in-house counsel worked, rather than where its outside counsel was located.

Interphase Corp. v. Rockwell Int'l Corp., No. 3-96-CV-0290-L, 1998 U.S. Dist. LEXIS 15111, at *4-5 (N.D. Tex. Sept. 22, 1998).

- The state law that the parties have designated as "controlling." Bell Microprods. Inc. v. Relational Fund. Corp., No. 02 C 329, 2002 U.S. Dist. LEXIS 18121, at *11 (N.D. Ill. Sept 24, 2002).

Given this varied approach to the controlling law, clients and their lawyers can have little confidence that they will be able to predict what privilege law will apply.

c. Possible Application of Foreign Law

To make matters even more complicated, American courts (both state and federal) sometimes look to foreign law when applying the attorney-client privilege.

- As with courts' search for the correct American privilege law, the results are unpredictable.

American courts have looked to the following foreign law:

- Foreign criminal laws, but only if they are analogous to American criminal laws. Madanes v. Madanes, 199 F.R.D. 135 (S.D.N.Y. 2001).
- Foreign privilege law from the country where the pertinent document was written. SmithKline Beecham Corp., v. Pentech Pharms., Inc., No. 00 C 2855, 2001 U.S. Dist. LEXIS 18281, at *17 (N.D. Ill. Nov. 5, 2001).
- Foreign law, but only if the communications relate to an activity in the foreign country, and do not "touch base" with the United States -- which would require the application of United States privilege law. Tulip Computers Int'l B.V. v. Dell Computer Corp., 210 F.R.D. 100, 104 (D. Del. 2002).
- Foreign law, under general standards of international comity (if the foreign country has the most direct or compelling interest in the communication). Sphere Drake Ins. Ltd. v. All Am. Life Ins. Co., 221 F. Supp. 2d 874, 884 (N.D. Ill. 2002).
- Foreign law, to the extent that documents would generally not be subject to discovery in a foreign country -- even if the immunity from discovery is based on the narrow scope of discovery in the foreign country, rather than on its recognition of some privilege covering the documents. Astra Aktiebolag v. Andrx Pharms., Inc., 208 F.R.D. 92, 102 (S.D.N.Y. 2002).

5. Other Countries' Laws

In an increasingly worldwide economy, companies doing business in other countries should remember that not every country follows the Anglo-Saxon legal tradition.

As explained above, American courts sometimes look to foreign law in determining if communications deserve privilege protection.

- Clients and their lawyers should also remember that privilege issues can arise both in American courts and in foreign courts or other tribunals.

In some situations, other countries follow attorney-client privilege principles that prove more restrictive than those in the United States

- This is most pronounced in the case of in-house lawyers.
- Many European countries (especially those following the Napoleonic Code or civil tradition) generally do not protect communications to or from in-house lawyers.
- These countries apparently reason that in-house lawyers are not independent enough to deserve privilege protection.

This unfriendly approach often means that communications that would be privileged in the United States will be subject to discovery in Europe.

- The good news is that European discovery generally is fairly limited, so perhaps the risk is not as great as one might think at first blush.
- Still, in-house lawyers in the United States dealing with European affiliates or employees should remember that the files of those clients might be subject to discovery and ineligible for privilege protection.

In some ways, the application of foreign law can expand a company's privilege protection.

- This is because American courts will often apply American privilege law to communications with foreign company agents that do not have a law degree -- but who perform jobs in their countries that are analogous to what lawyers perform in the United States (see below).
- For instance, American courts often will protect communications with foreign patent agents.

- This extension of the privilege is discussed below, in the "Lawyer Participants" section.

In-house lawyers working for companies with overseas operations should check the privilege law of the countries in which their clients operate.

- ACCA has compiled a useful appendium of how countries treat communications to and from in-house lawyers.

- Lex Mundi has also made data like this available on the Internet.

6. Competing Principles Underlying the Attorney-Client Privilege

Many counter-intuitive aspects of the attorney-client privilege come from the basic societal purpose of the privilege, and the tension inherent in its application.

The attorney-client privilege provides absolute protection when clients and lawyers follow the rules. In re Dow Corning Corp., 261 F.3d 280, 284 (2d Cir. 2001).

- Society provides this protection to encourage clients to provide all necessary facts to their lawyers, so that lawyers will guide their clients' conduct in the right direction, and resolve disputes. In re BankAmerica Corp. Sec. Litig., 270 F.3d 639, 641 (8th Cir. 2001); United States v. (Under Seal), 748 F.2d 871, 873-74 (4th Cir. 1984).

- The United States Supreme Court has rejected notion of any "balancing test" in applying the attorney-client privilege. Swidler & Berlin v. United States, 524 U.S. 399 (1998).

- Another federal court recently affirmed the importance of the attorney-client privilege by prohibiting patent litigants from arguing any adverse inference from an adversary's assertion of the privilege. Knorr-Bremse v. Dana Corp., Nos. 01-1357 & -1376, 02-1221 & -1256, 2004 U.S. App. LEXIS 19185 (Fed. Cir. Sept. 13, 2004).

However, society pays a price for this protection -- because the privilege undeniably hampers the search for truth. In re Feldberg, 862 F.2d 622, 627 (7th Cir. 1988); United States v. (Under Seal), 748 F.2d 871, 875 (4th Cir. 1984).

The attorney-client privilege case law thus reflects a tension between this grand societal benefit (encouraging clients to disclose facts so that their lawyers will foster a lawful society) and the cost (keeping out of view forever what could be the most relevant communication).

As a result, the privilege is very difficult to create, is surprisingly fragile, and can be easy lost.

7. Key Concepts Underlying the Attorney-Client Privilege

Those considering the privilege should keep in mind the two key elements of the privilege -- doing so will often guide the analysis.

- The attorney-client privilege rests on **the intimacy of the attorney-client relationship**.

- The attorney-client privilege rests on **communications** within that intimate relationship.

8. Basic Elements of the Attorney-Client Privilege

Under the most common formulation, determining if a communication deserves protection under the attorney-client privilege requires an analysis of six separate elements -- all of which must be satisfied for the privilege to apply.

The attorney-client privilege protects:

(1) Communications from a client.

(2) To a lawyer.

(3) Related to the rendering of legal advice.

(4) Made with the expectation of confidentiality.

(5) Not in furtherance of a future crime or fraud.

(6) As long as the privilege has not been waived.

This Outline covers all of these six elements, but in an order different from (and arguably more logical than) the standard formulation.

- Most importantly, the crime-fraud exception (which involves the substance of the communication) is addressed along with the other element involving substance (the "legal advice" element) rather than the element involving the setting of the communication ("expectation of confidentiality").

B. Client Participants

1. Communications

a. Acts as Communications

The "communications" element can include a client's actions (such as moving documents) (United States v. Freeman, 619 F.2d 1112, 1119 (5th Cir. 1980)) or demeanor. Eason v. Eason, 123 S.E.2d 361, 367 (Va. 1962).

b. Uncommunicated Client Statements

Although the privilege generally rests on communications between clients and their lawyers, the privilege can sometimes protect statements that the client has not communicated to the lawyer -- if the client created the statement with the original intent to communicate it to a lawyer.

- For instance, the privilege can protect a client's "diary" or journal that the client creates at a lawyer's direction (to assist the lawyer in providing legal advice to the client) -- even if the client does not send the diary to the lawyer. Mason C. Day Excavating, Inc. v. Lumbermens Mut. Cas. Co., 143 F.R.D. 601, 607-609 (M.D.N.C. 1992) (addressing daily notes prepared by both the plaintiff and the defendant in a large construction case; holding that the privilege protected the plaintiff's log because the plaintiff created the log at the direction of a lawyer to assist the lawyer in giving legal advice; holding that the privilege did not protect the defendant's log, because the defendant created the log in the ordinary course of its business rather than to help a lawyer provide legal advice).

2. Individual Clients

The attorney-client privilege evolved over several hundred years with individuals as the "client" for analytical purposes.

Some basic attorney-client principles developed during this earlier time continue to apply (both to individuals and to corporations).

- The privilege belongs to the client and not to the lawyer (meaning that the client can assert or waive the privilege regardless of the lawyer's desires). In re Grand Jury Proceedings, Thursday Special Grand Jury, Sept. Term, 33 F.3d 342, 348 (4th Cir. 1994).

- The privilege normally covers communications between a lawyer and a prospective client. Hiskett v. Wal-Mart Stores, Inc., 180 F.R.D. 403, 405 (D. Kan. 1998).

- Lawyers representing more than one client on the same matter must (absent some agreement to the contrary) share information learned from one client with the other jointly represented client. Restatement (Third) of Law Governing Lawyers § 75 cmt. e at 581 (1998).

- The privilege extends beyond the client's death, and lasts forever. Swidler & Berlin v. United States, 524 U.S. 399 (1998).

- If it has been properly created and not waived, the privilege provides absolute protection. Swidler & Berlin v. United States, 524 U.S. 399 (1998) (rejecting the notion of any "balancing test").

3. Corporate Clients

a. General Rule

In the case of corporate clients, the basic principles are somewhat more difficult to apply.

Every state recognizes that corporations can enjoy attorney-client relationship with a lawyer. In re Grand Jury Proceedings, 219 F.3d 175, 185 (2d Cir. 2000).

- The privileged nature of communications with current and former corporate employees, and independent contractors hired by the corporation, are discussed below.

b. Communications among Affiliated Corporations

Most courts protect communications among related companies, even if they are not wholly-owned affiliates of each other. Admiral Ins. Co. v. United States Dist. Court, 881 F.2d 1486, 1493 n.6 (9th Cir. 1989); Cary Oil Co. Inc. v. MG Ref. & Mktg. Inc., No. 99 Civ. 1725 (VM) (DFE), 2000 U.S. Dist. LEXIS 17587, at *17 (S.D.N.Y. Dec. 6, 2000).

c. Corporate Successors' Ownership of the Privilege

As a corporate asset, the privilege passes to corporate successors (who can assert or waive the privilege) -- including bankruptcy trustees. Commodity Futures Trading Commission v. Weintraub, 471 U.S. 343, 349 (1985); United States v. Campbell, 73 F.3d 44, 47 (5th Cir. 1996).

d. Corporate Transactions Involving Stock Sales

The purchaser of a corporation's stock generally steps into the shoes of the previous owner, and may assert or waive the privilege. Bass Public Ltd. v.

Promus Cos., No. 92 Civ. 0969 (SWK), 1994 U.S. Dist. LEXIS 5474, at *6-7 (S.D.N.Y. Apr. 25, 1994) (finding that the former owner of a corporate subsidiary could not block the current owner from seeking documents from the subsidiary's law firm that were generated before the transaction; noting that the former owner of the subsidiary could have avoided this result by addressing the issue in the transactional documents); Rayman v. American Charter Fed. Sav. & Loan Ass'n, 148 F.R.D. 647, 652 (D. Neb. 1993) ("a surviving corporation following a merger possesses all of the privileges of the pre-merger companies"); McCaugherty v. Siffermann, 132 F.R.D. 234, 245 (N.D. Cal. 1990) ("[T]he purchaser of a corporate entity buys not only its material assets but also its privileges . . . Since the attorney-client privilege over a corporation belongs to the inanimate entity and not to individual directors or officers, control over privilege should pass with control of the corporation, regardless of whether or not the new corporate officials were privy to the communications in issue."); In re Grand Jury Subpoenas 89-3 & 89-4, John Doe 89-129, 902 F.2d 244, 248 (4th Cir. 1990) (finding that the new management of a subsidiary created by divestiture could waive the privilege); Polycast Tech. Corp. v. Uniroyal, Inc., 125 F.R.D. 47, 50-51 (S.D.N.Y. 1989) ("Polycast acquired this authority to waive the joint privilege when it purchased the stock of Plastics. The power to waive the corporation's attorney-client privilege rests with corporate management, who must exercise this power consistent with their fiduciary duty to act in the best interest of the corporation. Just as Plastics' new management has an obligation to waive or preserve the corporation's privileges in a manner consistent with their fiduciary duty to protect corporate interests, Polycast, as parent and sole shareholder, has the power to determine those interests. Because there are ample grounds for a finding that the privilege is held jointly by Polycast and Uniroyal, and because Polycast acquired control over Plastics' privilege rights when it purchased the company, Polycast and Plastics' new management may now waive the privilege at their discretion." (citations omitted); finding that the purchaser of a subsidiary of Uniroyal was entitled to obtain copies of notes of the subsidiary's vice president that he prepared before the transaction).

- The purchaser and seller of the corporation's stock might be able to vary this rule in the purchase agreement. In re Sealed Case, 120 F.R.D. 66, 70 (N.D. Ill. 1988).

e. Corporate Transactions Involving Asset Sales

Purchasers of a corporation's assets generally do not acquire the corporation's attorney-client privilege rights. Yosemite Inv., Inc. v. Floyd Bell, Inc., 943 F. Supp. 882, 883-84 (S.D. Ohio 1996); In re Grand Jury Subpoenas 89-3 & 89-4, 734 F. Supp. 1207, 1211 n.3 (E.D. Va.), aff'd in part, vacated in part, 902 F.2d 244 (4th Cir. 1990).

- Some courts look at the "practical consequences" of the corporate transaction rather than recognizing a strict dichotomy between stock and asset purchases. Tekni-Plex, Inc. v. Meyner & Landis, 674 N.E.2d 663, 669 (N.Y. 1996).

f. Effect of Adversity between Parent and a Former Subsidiary

A number of cases have dealt with adversity between a parent and a former subsidiary (or its new owner), with differing results. Fogel v. Zell (In re Madison Management Group Inc.), 212 B.R. 894, 1997 Bankr. LEXIS 1515 (Bankr. Ill. 1997) (the same lawyers represented a parent and a subsidiary; when the subsidiary went bankrupt, the trustee for the subsidiary sought to give to a third party (a creditor) documents created during the time of the joint representation; the court distinguished the situation from that in Santa Fe (in which the former subsidiary wanted to obtain documents for itself), and held that the parent could block the trustee for the former subsidiary from providing privileged documents to the third party creditor (although the parent and the former subsidiary were now adverse to one another)); Glidden Co. v. Jandernoa, 173 F.R.D. 459, 1997 U.S. Dist. LEXIS 13858 (W.D. Mich. 1997) (Glidden (now called Grow) sold its subsidiary (Perrigo) to the subsidiary's management; Grow then sued its old subsidiary and the subsidiary's management; the court ordered the former subsidiary to produce all of the requested documents to the former parent; the court also rejected the argument that the former subsidiary's management could assert their own privilege); Bass Pub. Ltd. Co. v. Promus Co., 1994 U.S. Dist. LEXIS 5474 (S.D.N.Y. Apr. 25, 1994) (Latham & Watkins represented both the parent (Promus) and a subsidiary (Holiday Inn), which was sold to Bass; the former subsidiary (which was merged into Bass) sought documents from Latham & Watkins dating from the time of the joint representation; although the court found that the documents were not created as part of a joint litigation defense effort, it ordered Latham & Watkins to produce the documents, finding that the jointly-represented subsidiary was entitled to them); Santa Fe Trail Transp. Co., 121 B.R. 794, 1990 Bankr. LEXIS 2538 (Bankr. N.D. Ill. 1990) (in-house lawyers represented both a parent and a subsidiary; the former subsidiary went bankrupt, and its trustee sought documents from the former parent; although the court found that the situation did not involve a joint litigation defense arrangement (but instead was a joint representation), the court held that the former subsidiary could obtain documents from the parent that were created before the closing of the spin (and certain document created after that date)); In re Grand Jury Subpoenas, 734 F. Supp. 1207, 1990 U.S. Dist. LEXIS 6933 (E.D. Va. 1990) (a parent waives any attorney-client privilege

applicable to documents by leaving those documents with the spun subsidiary); Polycast Tech. Corp. v. Uniroyal, Inc., 125 F.R.D. 47, 50-51 (S.D.N.Y. 1989) (Uniroyal sold its subsidiary (Plastics) to a company called Polycast; Polycast sued Uniroyal for fraud; the court found that communications among the lawyers who jointly represented Uniroyal and its then-subsidiary Plastics did not involve a joint litigation defense, meaning that the new management of Plastics (now owned by Polycast) could obtain the documents); Medcom Holding Co. v. Baxter Travenol Lab., 120 F.R.D. 66, 1988 U.S. Dist. LEXIS 3035 (N.D. Ill. 1988) (the parent (Baxter) sold all of the stock of its subsidiary Medcom to Medcom Holding; Medcom Holding later sued Baxter for securities fraud; the court found that the same lawyers represented Baxter and Medcom during the relevant time; the court held that Medcom's new management had the power to waive the privilege as to some of the documents; however, the court held that documents created during an earlier litigation when Baxter and its subsidiary were jointly represented could not be obtained by the subsidiary's new parent unless Baxter itself consented, even though adversity had developed between Baxter and the new owners of its former subsidiary).

g. Courts' Suggestions about Changing these General Rules when Selling Subsidiaries

A number of decisions have explained how companies may change the application of these general rules if they are planning to sell a subsidiary.

First, one court has held that a parent wishing to avoid the possibility of a spun subsidiary waiving the privilege that otherwise protects communications with lawyers working for both parent and the spun company may avoid that result by hiring separate lawyers to represent the subsidiary before the spin. Medcom Holding Co. v. Baxter Travenol Lab., 120 F.R.D. 66, 1988 U.S. Dist. LEXIS 3035 (N.D. Ill. 1988) (a parent wishing to avoid the possibility of a spun subsidiary waiving the privilege that otherwise protects communications with lawyers working for both parent and the spun company may avoid that result by hiring separate lawyers to represent the subsidiary before the spin).

Second, one court has suggested that a parent wishing to maintain all of the privilege rights could sell a subsidiary's assets rather than its stock. Bass Pub. Ltd. Co. v. Promus Co., 1994 U.S. Dist. LEXIS 5474 (S.D.N.Y. Apr. 25, 1994) ("Had Promus [parent] wished, it could have sold only Holiday Inn's [subsidiary's] physical assets, which would have avoided the consequences [of allowing new management of the subsidiary to waive the privilege]").

Third, one court has suggested that a parent spinning off a subsidiary should contractually retain access rights to documents the spun company acquires in the spin. Bass Pub. Ltd. Co. v. Promus Co., 1994 U.S. Dist. LEXIS 5474 (S.D.N.Y. Apr. 25, 1994); Medcom Holding Co. v. Baxter Travenol Lab., 120 F.R.D. 66, 1988 U.S. Dist. LEXIS 3035 (N.D. Ill 1988) (a parent spinning off a subsidiary should contractually retain access rights to documents the spun company acquires in the spin).

Fourth, one court has suggested that a parent may retain the right to veto a newly-spun subsidiary's waiver of the attorney-client privilege. In re Grand Jury Subpoenas, 734 F. Supp. 1207, 1990 U.S. Dist. LEXIS 6933 (E.D. Va. 1990) (a parent waives any attorney-client privilege applicable to documents by leaving those documents with the spun subsidiary).

Fifth, one court has held that a parent waives any attorney-client privilege applicable to documents by leaving those documents with the spun subsidiary. In re Grand Jury Subpoenas, 734 F. Supp. 1207, 1990 U.S. Dist. LEXIS 6933 (E.D. Va. 1990) (a parent waives any attorney-client privilege applicable to documents by leaving those documents with the spun subsidiary).

- Thus, a parent spinning off a subsidiary may want to consider reviewing all of its files, and removing any documents that the parent wishes to remain privileged.

4. "Fiduciary Exception"

a. Application to Shareholders

Given the fiduciary duty that corporate management owes corporate shareholders, most courts recognize the latter's limited right to discover communications between corporate management and corporate lawyers -- under certain circumstances. Garner v. Wolfinbarger, 430 F.2d 1093 (5th Cir. 1970), cert. denied, 401 U.S. 974 (1971).

b. Application to Other Situations

Many courts have expanded what is now called this "fiduciary exception" to include other situations in which the beneficiaries of a fiduciary relationship seek access to communications between the fiduciary and the fiduciary's lawyer. Cox v. Administrator United States Steel & Carnegie, 17 F.3d 1386, 1415-16 (11th Cir. 1994).

- Courts have applied this "fiduciary exception" in situations involving: union members (Cox v. Administrator United States Steel & Carnegie, 17 F.3d 1386, 1415-16, cert. denied, 513 U.S. 1110 (1995); Wessel v. City of Albuquerque, No. 00-00532 (ESH/AK), 2000 U.S. Dist. LEXIS 17494, at *12, 15 (D.D.C. Nov. 30, 2000)); ERISA plan beneficiaries (United States

v. Mett, 178 F.3d 1058, 1063 (9th Cir. 1999); Lewis v. UNUM Corp. Severance Plan, 203 F.R.D. 615, 620 (D. Kan. 2001)); limited partners (Opus Corp. v. IBM Corp., 956 F. Supp. 1503, 1507 (D. Minn. 1996), but see Metropollitan Bank & Trust Co. v. Dovenmuehle Mortgage, Inc., Civ. A. No. 18023-NC, 2001 Del. Ch. LEXIS 153, at *8 (Del. Ch. Dec. 20, 2001)); bankruptcy creditors' committee (In re Baldwin-United Corp., 38 B.R. 802 (Bankr. S.D. Ohio 1984)); estate beneficiaries (Alan D. Wingfield, Fiduciary Attorney-Client Communications: An Illusory Privilege?, 8 Prob. & Prop. 4 at 61 (July/August 1994)); trust beneficiaries. Restatement (Third) of Law Governing Lawyers § 84, at 627 (1998).

This "fiduciary exception" generally is limited to communications that relate to the fiduciary relationship, and not to (for instance) the possible liability of the fiduciary. United States v. Mett, 178 F.3d 1058, 1064, 1065 (9th Cir. 1999).

5. Current and Former Corporate Employees

a. General Rule

As indicated above, lawyers representing corporations actually represent the incorporeal entity that is the corporation. Avianca, Inc. v. Corriea, 705 F. Supp. 666, 680 n.4 (D.D.C. 1989) ("A corporate attorney's 'client' is the corporate entity, and not individual officers or directors."), aff'd, 70 F.3d 637 (D.C. Cir. 1995); ABA Model Rule 1.13(a).

- As a matter of ethics, lawyers must very carefully guard against accidentally creating an attorney-client relationship with some of the human beings with whom they deal while representing the corporation (this is discussed above).

- Mistakes in this process can create duties of loyalty and confidentiality to someone other than the institution, possibly creating conflicts that prevent the lawyer from representing the only client that the lawyer wanted to represent (the corporation).

The importance of carefully defining the client also has privilege ramifications, but these are generally much less consequential than the ethics issues.

- Communications between a lawyer and an accidentally-created individual client will almost surely still deserve protection under the attorney-client privilege. However, the key is who owns that privilege.

- The careful lawyer should take the steps mentioned above (in the ethics discussion) to assure that the corporate client always owns the privilege -- except in certain limited circumstances in which the lawyer intends to create an attorney-client relationship with someone else connected to the corporation.

b. "Control Group" Test

Most states formerly held that only a corporation's upper management (and those upon whom they rely) could speak for the corporation, so that only communications with those officials deserved attorney-client privilege protection. Virginia Elec. & Power Co. v. Sun Shipbuilding & Dry Dock Co., 68 F.R.D. 397, 400 (E.D. Va. 1975).

- Some states (including Illinois) continue to follow the control group test. Joan C. Rogers, Analysis & Perspective: Although Corporate Attorney-Client Privilege Is Established, Challenges Persist, 16 Laws. Man. on Prof. Conduct (ABA/BNA) No. 12, at 335 (July 5, 2000).

- The control group test is not quite as narrow as many lawyers believe -- it covers communications to and from those in the upper corporate hierarchy and underlings who provide advice (not just facts) upon which the upper decision-makers rely.

- Still, the "control group" test clearly provides less protection to corporate clients than the newer "Upjohn" approach, both in the original communication (which can involve a much smaller number of corporate employees than under Upjohn) and in the waiver analysis (because the "control group" approach places many more corporate employees outside the "need to know" group, so that sharing the communications within the corporation is more likely to waive the privilege).

c. "Upjohn" Test

The United States Supreme Court rejected the control group test in Upjohn Co. v. United States, 449 U.S. 383 (1981).

- In essence, the Supreme Court abandoned the former "hierarchical" approach (in which the privilege's applicability depended on the company employee's level in the corporate hierarchy) in favor of a much looser "functionality" test. Under this new test, the privilege's applicability depends on what role the corporate employees play, not their spot in the bureaucracy.

Under the Upjohn approach, employees of any level within a corporation are entitled to have privileged conversations with the company's lawyer, provided that the company lawyer undertake certain specified steps (described below).

- Thus, the Upjohn approach focuses on the nature of the employees' function and information, rather than on the strict hierarchical approach of the "control group" test. Federal courts and most state courts now follow the Upjohn approach.

To assure that the attorney-client privilege protection covers the communication, company lawyers should explain (and perhaps provide a written explanation of) the Upjohn factors: the company's lawyers have been asked to provide legal advice to their client (the company); the employee has factual knowledge that the company lawyers require; that information is not readily available elsewhere; the employees should keep all of their communications with the company lawyers confidential (even within the company).

d. Former Employees

Once courts adopted the "functionality" test, it was an easy step for them to extend the privilege to communications to and from company employees who are not currently in the hierarchy, but whose function when they worked at the corporation met the Upjohn standard.

Thus, the attorney-client privilege probably covers communications with the company's former employees (In re Richard Roe, Inc., 168 F.3d 69, 72 (2d Cir. 1999); In re Allen, 106 F.3d 582, 605-06 & n.14 (4th Cir. 1997)), although courts take different positions on this issue. City of New York v. Coastal Oil New York, Inc., No. 96 Civ. 8667 (RPP), 2000 U.S. Dist. LEXIS 1010, at *5 (S.D.N.Y. Feb. 7, 2000).

- Former employees should receive a modified Upjohn explanation, which emphasizes that the interview will cover facts related to the employee's time at the company.

The ethical implications of ex parte communications with an adverse corporation's employees is discussed above.

6. Independent Contractors and Other Client Agents

As mentioned above, the attorney-client privilege exists only within the intimacy of the attorney-client relationship.

Under the Upjohn standard, corporate employees fall within this intimate relationship if they have information that a lawyer representing the corporation needs to serve the institutional client. However, those acting on behalf of or for corporation that have a more attenuated relationship with a corporation deserve much more careful scrutiny.

a. Independent Contractors

Courts disagree about the attorney-client privilege protection's applicability to communications with a corporation's independent contractors.

- In a fairly recent trend that holds promise for corporations which outsource corporate functions, courts increasingly treat as corporate employees those independent contractors who are the "functional equivalent" of employees. In re Copper Market Antitrust Litigation, 200 F.R.D. 213, 215, 219 n.4 (S.D.N.Y. 2001) (public relations advisors); In re Bieter Co., 16 F.3d 929, 938 (8th Cir. 1994).

- Other courts are more reluctant to expand the attorney-client privilege beyond actual corporate employees. Horton. v. United States, 204 F.R.D. 670, 672, 673 (D. Colo. 2002); Miramar Construction Co. v. Home Depot, Inc., 167 F. Supp. 2d 182 (D.P.R. 2001).

b. Agents

Agents assisting corporations in some way act further along the continuum that starts with full-time employees and includes independent contractors who are the "functional equivalent" of employees.

- The status of agents can have a critical effect on the attorney-client privilege, in a number of settings: communications between the company's employees or lawyers and the agents may or may not be privileged ab initio, depending on the agents' status; having agents present during communications between the company's employees and the company's lawyers may or may not prevent the privilege from even protecting those communications, depending on the agents' status; later sharing privileged communications with agents may or may not waive the privilege, depending on the agents' status.

Agents Necessary for the Transmission of the Communications. Every court applies the attorney-client privilege to client agents who assist in the transmission of the attorney-client communications.

- This type of client agent includes translators, interpreters, etc.

Other Agents (Not Necessary for the Transmission of the Communications). Courts take differing positions on the attorney-client privilege implications of involving client agents who are not necessary for the transmission of the attorney-client communications. Some authorities take a fairly liberal approach, but the vast majority apply the privilege more narrowly.

The Restatement and a few courts take a fairly liberal approach.

- Restatement (Third) of Law Governing Lawyers § 70 cmt. f at 539 (1998). ("An agent for communication need not take a direct part in client-lawyer communications, but may be present because of the Client's psychological or other need. A business person may be accompanied by a business associate or expert consultant who can assist the client in interpreting the legal situation.").

- Courts taking this liberal view have protected communications to and from the following agents: financial and tax advisors (Segerstrom v. United States, No. C 00-0833 SI, 2001 U.S. Dist. LEXIS 2949, at *9 (N.D. Cal. Feb. 6, 2001)); litigation consultants (Caremark, Inc. v. Affiliated Computer Servs., Inc., 192 F.R.D. 263, 264, 267-68 (N.D. Ill. 2000)); crisis management public relations firm employee (Viacom, Inc. v. Sumitoma Corp. (In re Copper Mkt. Antitrust Litig.), 200 F.R.D. 213 (S.D.N.Y. 2001)); outside coordinator of legal services (Caremark, Inc. v. Affiliated Computer Servs., Inc., 192 F.R.D. 263, 264, 266-267 (N.D. Ill. 2000)); a company owner's son acting as his father's "representative." National Converting & Fulfillment Corp. v. Bankers Trust Corp., 134 F. Supp. 2d 804, 805, 807 (N.D. Tex. 2001).

The vast majority of courts have taken a much narrower view, refusing to provide privilege protection to client agents who are not assisting in the transmission of information, but instead providing their own independent advice to the clients.

- Courts taking this majority -- narrow -- view have refused to protect communications to and from the following agents: accountant (In re Horowitz, 482 F.2d 72, 80-81 (2d Cir.), cert. denied, 414 U.S. 867 (1973); United States v. Rosenthal, 142 F.R.D. 389, 392 (S.D.N.Y. 1992)); investment banker (United States v. Ackert, 169 F.3d 136 (2d Cir. 1999); National Educ. Training Group, Inc. v. Skillsoft Corp., No. M8-85(WHP), 1999 WL 378337, at *4, 1999 U.S. Dist. LEXIS 8680, at *12-13 (S.D.N.Y. June 9, 1999)); litigation consultant (Blumenthal v. Drudge, 186 F.R.D. 236, 243 (D.D.C. 1999)); environmental consultant (United States Postal Serv. v. Phelps Dodge Refining Corp., 852 F. Supp. 156, 161, 162 (E.D.N.Y. 1994)); financial advisor (Bowne of New York City, Inc. v. AmBase Corp., 150 F.R.D. 465, 491-92 (S.D.N.Y. 1993)); union official with whom police union members spoke before they hired a lawyer (In re Grand Jury Subpoenas Dated Jan. 20, 1998, 995 F. Supp. 338-40 (E.D.N.Y. 1998)); reorganization consultant. Kaminski v. First Union Corp., Nos. 98-CV-1623, 980-CV-6318, 99-CV-1509, 99-CV-4783, 99-CV-6523, 2001 U.S. Dist. LEXIS 9688, at *14-15, 13 (E.D. Pa. July 10, 2001).

- Courts taking this narrow approach also generally hold: (1) that the presence of such agents during an otherwise privileged attorney-client communication prevents the privilege from ever arising; and (2) that sharing a privileged communication with such an agent waives the privilege -- this Outline covers these concepts below.

Importance of the Majority (Narrow) View of Client Agents. The general inability of a client's agent to engage in privileged communications with corporate clients or their lawyers (and the waiver implications of sharing privileged communications with those agents) represents perhaps the most counter-intuitive aspect of the attorney-client privilege.

- Corporate officers and employees might logically assume that members of their problem-solving "teams" such as environmental consultants, outside accountants, financial advisors, etc. -- who have fiduciary duties of loyalty and confidentiality to the clients just like lawyers do -- should be able to participate in joint communications, learn what the lawyer member of the "team" has to say, etc.

- Lawyers must educate their clients about the erroneous nature of this assumption.

For instance, lawyers should remind their clients that Martha Stewart lost the privilege protection that covered an e-mail to her lawyer by sharing the e-mail with her own daughter. United States v. Stewart, 287 F. Supp. 2d 461 (S.D.N.Y. 2003).

- If a client's only daughter is not within the intimate attorney-client relationship, surely other professional advisors fall outside as well.

7. Multiple Representations of Corporations and Corporate Employees

a. Ethical Considerations

Lawyers who represent corporations generally should not attempt to represent any other corporate constituent.

- Such activity risks compromising the lawyer's duty of loyalty and confidentiality to the lawyer's primary client -- the institution.

- Doing so accidentally can have disastrous results.

For obvious reasons, lawyers dealing with company employees who might misunderstand the lawyer's role must "explain the identity of the client" when "the lawyer knows or reasonably should know that the organization's interests

are adverse to those of the constituents with whom the lawyer is dealing." ABA Model Rule 1.13(f).

b. Attorney-Client Privilege Ramifications

Such multiple representations have some privilege implications too. As mentioned above, absent a contractual understanding to the contrary, there can be no secrets among jointly represented clients on the same matter. Securities Investor Protection Corp. v. Stratton Oakmont, Inc., 213 B.R. 433, 439 (Bankr. S.D.N.Y. 1997).

- Lawyers who jointly represent a client do not have to worry about the efficacy of a "joint defense" or "common interest" agreement (discussed below), because the privilege generally covers communication between lawyers and jointly represented clients, or between jointly represented clients who are anticipating communicating with the lawyer or discussing legal advice the lawyer has already given them. Kroha v. Lamonica, No. X02CV980160366S, 2001 Conn. Super. LEXIS 81, at *12 (Conn. Super. Ct. Jan. 3, 2001) (not reported).

- Of course, to the extent that a corporation's constituents act as agents of the institutional corporation, most of these protections arise even if there is no separate attorney-client relationship between the corporation's lawyer and the individual corporate constituent.

c. Disclosure and Consent

Lawyers tempted to engage in multiple representations should carefully consider the implications, and definitely articulate the exact nature of the relationship in a document.

Two decisions decided on the very same day highlight the risks of making a mistake.

- Home Care Industries, Inc. v. Murray, 154 F. Supp. 2d 861 (D.N.J. 2001) (disqualifying the Skadden, Arps law firm from representing a corporation after it became adverse to its CEO with whom Skadden had dealt; finding that the CEO could reasonably have thought that Skadden represented him too; noting that "[a]n explanation of the Skadden Firm's position as counsel for HCI exclusive of its officers, would have gone a long way to avoid the position that said firm finds itself defending in the instant matter").

- In Re: Rite-Aid Corporation, 139 F. Supp. 2d 649 (E.D. Pa. 2001) (refusing to disqualify the Ballard, Spahr law firm from representing Rite-Aid adverse to a Rite-Aid executive that the firm had also represented in preliminary matters; noting that "[t]he engagement letter sent from [Ballard, Spahr] to Rite Aid . . . could not have been clearer with respect to the relationship between [Ballard, Spahr's] representation of Rite Aid and its representation of [the executive]. The letter made it pellucid that [Ballard, Spahr] would, in the event of a conflict . . . cease to represent [the executive] but continue to represent Rite Aid.").

C. Lawyer Participants

1. Communications Not Involving a Lawyer, and Uncommunicated Lawyer Notes

Although the attorney-client privilege normally protects communications between clients and lawyers, client-to-client communication may also deserve protection under certain circumstances.

- Baptiste v. Cushman & Wakefield, Inc., No. 03 Civ. 2102 (RCC)(THK, 2004 U.S. Dist. LEXIS 2579 (S.D.N.Y. Feb. 20, 2004) (holding that the attorney-client privilege protected e-mails from one corporate executive to another, which conveyed outside counsel's advice; concluding that "it is of no moment that the e-mail was not authored by an attorney or addressed to an attorney.").

Although the attorney-client privilege can protect documents prepared by a client that a client never sends to a lawyer (as long as the client created the documents with the intent of sending them to a lawyer), the privilege is less likely to protect uncommunicated lawyer documents.

- American National Bank & Trust Co. v. AXA Client Solutions, LLC, No. 00-C-6786, 2002 U.S. Dist. LEXIS 4805 (N.D. Ill. Mar. 20, 2002) (holding that the attorney-client privilege did not cover handwritten notes prepared by an in-house lawyer, because the lawyer had not communicated them to anyone else).

- Of course, the privilege will protect a lawyer's uncommunicated memorializations of communications between the lawyer and the client.

2. In-House Lawyers

In the United States, the attorney-client privilege protection can cover communications to and from inside counsel.

The leading United States Supreme Court decision on the attorney-client privilege and the District Court decision articulating the most common formulation of the attorney-client privilege both involved in-house lawyers. Upjohn Co. v. United States, 449 U.S. 383 (1981); United States v. United Shoe Machinery Corp., 89 F. Supp. 357 (D. Mass. 1950).

The attorney-client privilege protection can cover communications to and from inside counsel even if they are not licensed in the state in which they communicate. Restatement (Third) of Law Governing Lawyers § 72 reporter's note at 554 (1998); Boca Investerings P'ship v. United States, 31 F. Supp. 2d 9, 11 (D.D.C. 1998).

- In-house lawyers practicing in states that do not require them to be licensed in that state (discussed in the ethics section above) might face what would seem to be a dangerous risk -- letting their license lapse through inadvertence or sloppiness.

- Fortunately, because the client's expectations generally govern, even those lawyers (who are technically no longer licensed anywhere) generally may continue to have privileged communications with their clients. Restatement (Third) of Law Governing Lawyers § 72 cmt. e at 552-53 (1998).

As mentioned above, most European countries do not recognize an attorney-client privilege applicable to communications to or from in-house lawyers.

As explained below (in connection with the "legal advice" requirement), in-house lawyers face a higher burden than outside lawyers in establishing the privilege's applicability.

3. Foreigners with the Equivalent of a Law Degree

Many American courts hold that foreigners engaged in activities in their home country that parallel American lawyers' practice of law may engage in privileged conversations. VLT Corp. v. Unitrode Corp., 194 F.R.D. 8, 19 (D. Mass. 2000) (using principles of comity to protect communications with Japanese patent agents called "benrishi").

- Determining whether such foreigners deserve privilege protection often requires testimony about their activities. Organon, Inc. v. Mylan Pharmaceuticals, Inc., 303 F. Supp. 2d 546, 548 (D.N.J. 2004) (finding that Netherlands patent agents may engage in privileged conversations).

- Not every court is this generous. Johnson Matthey, Inc. v. Research Corp., No. 01 Civ. 8115 (MBM) (FM), 2002 U.S. Dist. LEXIS 13560, at *20 (S.D.N.Y. July 23, 2002).

4. Law Department Staff

Lawyers cannot act without help, and the privilege naturally covers communications with their secretaries, paralegals, copy clerks, receptionists, etc. von Bulow v. von Bulow, 811 F.2d 136 (2d Cir.), cert. denied, 481 U.S. 1015 (1987); United States v. (Under Seal), 748 F.2d 871, 874 (4th Cir. 1984).

- These assistants help facilitate communications to and from clients, and also assist the lawyers in the substantive work of providing legal advice.

However, a recent decision denied privilege protection for communications to and from a corporation's long-time in-house paralegal because the court found that the paralegal was giving her own advice, rather than assisting a lawyer.

- HPD Laboratories, Inc. v. Clorox, 202 F.R.D. 410 (D. NJ 2001) (holding that the attorney-client privilege did not protect from disclosure communications between a long-time Clorox in-house paralegal and Clorox employees, because the employees were seeking the paralegal's own advice rather than working with the paralegal to obtain a lawyer's advice; rejecting Clorox's argument that the privilege applied because the paralegal worked under the general supervision of a Clorox lawyer and consulted with a lawyer if any "unusual or novel" issues arose; noting that the paralegal met with Clorox employees without a lawyer present, and did not copy a lawyer on e-mails to and from employees; ordering the production of documents reflecting communications between the paralegal and Clorox employees).

- This case highlights the importance of lawyers' involvement in the pertinent communications, but so far has not started a trend.

5. Outside Lawyers

Because courts more carefully scrutinize privilege claims asserted by in-house counsel (given their multiple roles), companies may want to involve outside lawyers -- especially if they wish to protect material related to corporate investigations, or if litigation looms.

Involving outside lawyers in these circumstances: increases the odds of successfully asserting the attorney-client privilege; helps buttress the work product protection (by showing that the investigation is not in the "ordinary course" of the company's business, but instead was undertaken in anticipation of litigation); adds credibility to the investigation if a government agency suspects management wrongdoing, and therefore mistrusts in-house counsel.

6. Lawyer's Agents and Consultants

As explained above, the law's emphasis on the intimacy of the attorney-client relationship generally means that a client's agent is outside the attorney-client relationship -- unless the agent plays some role in facilitating communications to or from the lawyer.

- Because an agent's role (and the nature of a lawyer's supervisory role over that agent's activities) can change over time, some courts find that an agent's communications deserve attorney-client privilege protection at certain times, but not at other times. Welland v. Trainer, No. 00 Civ. 0738 (JSM), 2001 U.S. Dist. LEXIS 15556, at *8, 9-10 (S.D.N.Y. Sept. 28, 2001).

In striking contrast to the role of a client's agent in communications between a lawyer and client, the attorney-client privilege generally protects communications to or from (or in the presence of) a lawyer's agents whose role is to help the lawyer provide legal advice to the client.

- Examples include: accountants (United States v. Adlman, 68 F.3d 1495, 1499 (2d Cir. 1995); In re Grand Jury Proceedings, 220 F.3d 568, 571 (7th Cir. 2000)); translators (Carter v. Cornell Univ., 173 F.R.D. 92, 94 (S.D.N.Y. 1997)); private investigators (Restatement (Third) of Law Governing Lawyers § 72 cmt. a at 550 (1998); Welland v. Trainer, No. 00 Civ. 0738 (JSM), 2001 U.S. Dist. LEXIS 15556, at *8-10 (S.D.N.Y. Sept. 28, 2001)); patent agents (Gorman v. Polar Electro, Inc., 137 F. Supp. 2d 223, 227, 228 (E.D.N.Y. 2001)); psychiatrists (Federal Trade Comm'n v. TRW, Inc., 628 F.2d 207, 212 (D.C. Cir. 1980)); psychologists (Rodriguez v. Superior Court, 18 Cal. Rptr. 2d 120, 123 (Cal. Ct. App. 1993)); environmental consultants (Olson v. Accessory Controls & Equip. Corp., 757 A.2d 14, 24, 26 (Conn. 2000)); client employees interviewing other employees on the lawyer's behalf (Carter v. Cornell Univ., 173 F.R.D. 92, 94 (S.D.N.Y. 1997)); insurance company employees arranging for insureds to be represented by a lawyer hired by the insurance company (Restatement (Third) of Law Governing Lawyers § 70 cmt. f at 539 (1998); Long v. Anderson Univ., 204 F.R.D. 129, 135 (S.D. Ind. 2001)); actuary (Byrnes v. Empire Blue Cross Blue Shield, No. 98Civ.8520 (BSJ)(MHD), 1999 U.S. Dist. LEXIS 17281 (S.D.N.Y. Nov. 4, 1999)); investment banking firms. Calvin Klein Trademark Trust v. Wachner, 124 F. Supp. 2d 207 (S.D.N.Y. 2000).

Taking this skeptical approach, courts have rejected the applicability of the attorney-client privilege to communications to and from some people claiming to have been acting on the lawyer's behalf:

- Examples include: engineering firm hired to conduct environmental studies (United States Postal Serv. v. Phelps Dodge Refining Corp., 852 F. Supp. 156, 161, 162 (E.D.N.Y. 1994)); accountant (In re Horowitz, 482 F.2d 72, 80-81 (2d Cir.), cert. denied, 414 U.S. 867 (1973)); litigation consultant (Blumenthal v. Drudge, 186 F.R.D. 236, 243 (D.D.C. 1999)); financial advisor (Bowne of New York City, Inc. v. AmBase Corp., 150 F.R.D. 465, 491-92 (S.D.N.Y. 1993)); client's consultant hired to prepare a report for submission to the government (In re Grand Jury Matter, 147 F.R.D. 82, 87 (E.D. Pa. 1992)); company employees compiling data to assist business decision-makers. Byrnes v. Empire Blue Cross Blue Shield, No. 98Civ.8520(BSJ)(MHD), 1999 U.S. Dist. LEXIS 17281 (S.D.N.Y. Nov. 8, 1999).

- One interesting debate involves lawyers' arguments that they need a public relations consultant to help them give legal advice. One court rejected that argument (Calvin Klein Trademark Trust v. Wachner, 198 F.R.D. 53 (S.D.N.Y. 2000)), while a more recent case found that a criminal defense lawyer actually needed a public relations consultant to help give legal advice. In re Grand Jury Subpoenas dated March 24, 2003, No. M11-189, 2003 U.S. Dist. LEXIS 9022 (S.D.N.Y. June 2, 2003) (acknowledging the "artificiality" of distinguishing between public relations firms hired by the targeted corporate executive client and public relations firms hired by the lawyers, but nevertheless holding that the privilege would not have protected communications if the client had hired the public relations firm directly, even "if her object in doing so had been purely to affect her legal situation.").

Lawyers cannot assure this protection simply by retaining the agent or consultant, or preparing a self-serving letter explaining that the lawyer needs the consultant's assistance to help give legal advice.

- Courts look at the bona fides of the arrangement. If the consultant is not actually assisting the lawyer in providing legal advice, communications with the consultant will not deserve protection.

- In a good example of how courts address this issue, the Southern District of New York found that one law firm legitimately needed an investment banking firm's help in understanding its client's financial situation (Calvin Klein Trademark Trust v. Wachner, 124 F. Supp. 2d 207, 209 (S.D.N.Y. 2000)), while rejecting another law firm's claim that it needed a public relations consultant to assist it in giving legal advice to a client. Calvin Klein Trademark Trust v. Wachner, 198 F.R.D. 53, 54 (S.D.N.Y. 2000).

Clients and lawyers cannot "launder" an agent's or consultant's advice through the lawyer in order to protect the communications with the attorney-client privilege. Byrnes v. Empire Blue Cross Blue Shield, No. 98 Civ.8520 (BSJ) (MHD), 1999 U.S. Dist. LEXIS 17281 (S.D.N.Y. Nov. 4, 1999). ("The information in questions is, as noted, purely factual, and appears to have been complied [sic] originally by non-lawyers at Empire from the company's own records. Moreover, it is apparent that this data was intended to assist the business decision-makers to assess the economic impact of possible alternatives, and thus does not reflect the performance by counsel of legal services. The fact that the data was funneled by Empire through its attorney for conveyance back to a higher level decision-maker within the company does not trigger the protection of the privilege if it would not otherwise apply.").

- Although outside lawyers undoubtedly face more pressure to do so than in-house lawyers, all lawyers must explain to their clients that it really is "too good to be true" to assure privilege protection by having the lawyer arrange for retention of an agent or other consultant that will really be providing independent advice to the client.

Lawyers (outside or in-house) who legitimately need assistance in providing legal advice to their client should carefully document this need, and probably should retain those agents/consultants using a retainer letter that memorializes the privileged nature of the communications and the basis for the privilege.

D. Content of the Communication

1. Legal Advice

The attorney-client privilege only protects communications that relate to the request for or rendering of legal advice.

- Many lawyers overlook this key element of the attorney-client privilege.

a. The Four Types of Privileged Communications

Four types of communications can meet this standard: Two types of communications from a client to a lawyer, and two types of communications from a lawyer to a client.

(1) A client's request for legal advice from a lawyer (explicit or implicit -- a client's conveyance of a draft document to a lawyer might be an implicit request for legal advice about the draft).

(2) A client's communication to a lawyer of facts the lawyer needs to give legal advice (this might be an implicit request for legal advice itself, or accompany a request for legal advice).

(3) A lawyer's request for facts that the lawyer needs to give legal advice.

(4) A lawyer's legal advice.

In addition, the privilege can cover communications related to these types of communication.

- For example, the privilege can cover a communication from one non-lawyer company employee to another non-lawyer company employee (with no copy to or from a lawyer) if the communication discusses the collection of facts that the lawyer needs to provide legal advice, or if it paraphrases the advice that the lawyer has given to the company. Long v. Anderson Univ., 204 F.R.D. 129, 134 (S.D. Ind. 2001).

b. Misconceptions about the Privilege's Applicability

This "legal advice" element of the attorney-client privilege is another critical area in which clients' intuition will lead them in the wrong direction.

- Most corporate executives would undoubtedly vote "yes" if asked whether they could assure the privilege protection merely by putting a "privileged" legend on a document, or by sending a copy of the document to a lawyer.
- These incorrect (but widely held) misperceptions can lead clients to include unfortunate statements in documents that will not deserve privilege protection in later litigation.

The privilege does not apply:

- Just because a client communicates with a lawyer. Maine v. United States Dep't of the Interior, 124 F. Supp. 2d 728 (D. Me. 2001); Alexander v. FBI, 186 F.R.D. 21, 45-46 (D.D.C. 1998).
- Just because a document is in a lawyer's file. National Union Fire Ins. Co. v. Valdez, 863 S.W.2d 458, 460 (Tex. 1993).
- Just because the client or lawyer send each other transmittal letters. United States Fidelity & Guar. Co. v. Braspetro Oil Servs. Co., Nos. 97 Civ. 6124 (JGK) (THK) & 98 Civ. 3099 (JGK) (THK), 2000 U.S. Dist. LEXIS 7939, at *51 (S.D.N.Y. June 7, 2000).
- Just because a client sends a non-privileged document to a lawyer. SmithKline Beecham Corp. v. Pentech Pharms., Inc., No. 00 C 2855, 2001 U.S. Dist. LEXIS 18281, at *4 (N.D. Ill. Nov. 5, 2001); United States v. Robinson, 121 F.3d 971, 975 (5th Cir. 1997).
- Just because a client sends a lawyer a copy of an internal or external communication. In re Central Gulf Lines, Inc., No. 97-3829 c/w 99-1888 SECTION: "E" (4), 2000 U.S. Dist. LEXIS 18019, at *6 (E.D. La. Dec. 4, 2000); Andritz Sprout-Bauer, Inc. v. Beazer East, Inc., 174 F.R.D. 609, 633 (M.D. Pa. 1997).
- Just because a non-privileged document is attached to a privileged document. Blanchard v. Edgemark Fin. Corp., 192 F.R.D. 233, 238 (N.D. Ill. 2000).
- Just because a lawyer attends a meeting. Marsh v. Safir, 99 Civ. 8605 (JGK) (MHD), 2000 U.S. Dist. LEXIS 5136, at *16-17, 45 (S.D.N.Y. Apr. 20, 2000).
- Just because a lawyer prepares the minutes of a meeting. Marten v. Yellow Freight Sys., Inc., No. 96-2013-GTV, 1998 U.S. Dist. LEXIS 268, at *30-31 (D. Kan. Jan. 6, 1998).

c. Client's Identity

The attorney-client privilege normally does not even protect the client's identity. Lefcourt v. United States, 125 F.3d 79, 86-87 (2d Cir. 1997);

Flannigan v. Cudzik, No. 00-0307 SECTION: "K" (4), 2000 U.S. Dist. LEXIS 18788, at *2 (E.D. La. Dec. 18, 2000); In re Grand Jury Subpoena; United States, 204 F.3d 516, 519-21, 523 (4th Cir. 2000).

- Some courts recognize a very narrow exception to this rule in the case of criminal cases in which the client's identity will incriminate the client. In re Subpoenaed Grand Jury Witness, 171 F.3d 511, 513, 514 (7th Cir. 1999).

d. Attorney's Fees and Bills

The attorney-client privilege normally does not protect information about a lawyer's fee arrangement with a client, or the amount of fees paid. In re Grand Jury Proceedings, 33 F.3d 342, 354 (4th Cir. 1994) ("The attorney-client privilege normally does not extend to the payment of attorney's fees and expenses."); NLRB v. Harvey, 349 F.2d 900, 904-905 (4th Cir. 1965); In re Lorazepam & Clorazepate Antitrust Litig., MDL Dkt. No. 1290, Misc. No. 99-276 (TFH/JMF), 2001 U.S. Dist. LEXIS 11794, at *17-18 (D.D.C. July 16, 2001).

- The privilege might apply to specific information on a lawyer's bill that would reveal the substance of the lawyer's communications with the client. Montgomery County v. MicroVote Corp., 175 F.3d 296, 304 (3d Cir. 1999); Nesse v. Shaw Pittman, 202 F.R.D. 344, 356 (D.D.C. 2001).

e. Facts and Circumstances of the Communication

The attorney-client privilege normally does not protect the facts and circumstances of the privileged communication (such as where or when the communication occurred, how long meetings lasted, etc.). Cardtoons, L.C. v. Major League Baseball Ass'n, 199 F.R.D. 677 (N.D. Okla. 2001).

f. General Description of the Lawyer's Services

The attorney-client privilege normally does not cover a general description of the lawyer's services. United States v. Legal Servs., 249 F.3d 1077, 1081 (D.C. Cir. 2001).

It can be very difficult to draw the line between permissible discovery requests asking for general information about a lawyer's services, and improper discovery requests that seek the substance of a client-lawyer communication.

- For instance, an adversary probably will be permitted to ask a client "did you talk with your lawyer about the contract," but probably will not be able ask "did you talk with your lawyer about the third sentence in section 6 of the contract?"

g. Historical Facts

It should go without saying that facts themselves are never privileged. Restatement (Third) of Law Governing Lawyers § 69 cmt. d at 526 (1998); I.L.G.W.U. Nat'l Ret. Fund v. Cuddlecoat, Inc., No. 01 Civ.4019(BSJ)(DFE), 2002 U.S. Dist. LEXIS 2993, at *5-6 (S.D.N.Y. Feb. 22, 2002).

- For instance, the stop light was either red or green -- that fact does not become privileged just because a client and a lawyer talk about the light.

However, this simple axiom has generated substantial confusion and some erroneous case law.

- Some courts looking just at the language of the principle have improperly stripped away the privilege from factual portions of an otherwise privileged communication between a lawyer and a client. Myers v. City of Highland Village, 212 F.R.D. 324, 327 (E.D. Tex. 2003); PSE Consulting, Inc. v. Frank Mercede & Sons, Inc., 838 A.2d 135, 167 (Conn. 2004) (refusing to protect a lawyer's communications to a client that "merely reported back to [the client] what he had said to a third party and how the third party had responded;" because the communication was not "inextricably linked to the giving of legal advice," the memorandum did not deserve privilege protection; explaining that the memorandum was simply "a reconstitution of an event that occurred with third parties involved," and therefore failed the confidentiality component of the privilege.).

- Courts analyzing this issue properly protect the communication about the facts. In re Exxon Mobil Corp., 97 S.W.3d 353 (Tex. Ct. App. 2003); VEPCO v. Westmoreland-LG&E Partners, 259 Va. 319, 326 (2000) (rejecting the argument that a letter providing factual information to a lawyer and seeking legal advice is discoverable because the adversary "is only seeking factual material, the contents of the letter, not the advice counsel gave to [clients] concerning the letter"; explaining that "the substance of the letter in this case constitutes the very matter for which legal advice was sought. There is no 'factual material' apart from the substance of the letter itself.").

- Of course, the party seeking the historical facts can engage in the normal discovery by seeking documents, deposing witnesses, etc., -- but they cannot invade the privilege protecting communications between clients and lawyers about those facts.

h. Information Obtained from Third Parties

Courts also debate whether the privilege protects communications in which lawyers relay to their clients information that the lawyers have obtained from third parties.

- Some courts take a very narrow view, and find these communications undeserving of privilege protection. Schmidt, Long & Assocs., Inc. v. Aetna U.S. Healthcare, Inc., Civ. A. No. 00-CV-3683, 2001 U.S. Dist. LEXIS 7145, at *10-12 (E.D. Pa. May 31, 2001).

- Courts are more likely to protect the communications if they include some lawyer input or analysis. In re Grand Jury Proceedings, No. M-11-189, 2001 U.S. Dist. LEXIS 15646, at *98, 99, 100 n.51 (S.D.N.Y. Oct. 3, 2001).

i. Most Narrow View of the Attorney-Client Privilege

Some courts take an extremely narrow view of the "legal advice" requirement.

- See, e.g., Seibu Corp. v. KPMG LLP, No. 3-00-CV-1139-X, 2002 U.S. Dist. LEXIS 906, at *11(N.D. Tex. Jan. 18, 2002) (in assessing KPMG's lawyer-run investigation into its audit of a client, finding that KPMG had failed to establish that "any particular communication with that investigation facilitated the rendition of legal advice to the client"; noting that the majority of documents relating to the investigation involved the determination of whether a KPMG partner should be required to withdraw, and noting that "[e]ven if lawyers were involved in making this decision, it is primarily an exercise of business judgment"; "The fact that counsel initiated the investigation that led to [the partner's] withdrawal does not cloak every communication made in that context with attorney-client privilege. KPMG still must prove that the communication was made for the purpose of facilitating the rendition of legal services to the client.").

- Some courts examine the substance of a lawyer's advice in determining whether it is specific enough to warrant protection. Burton v. R. J. Reynolds Tobacco Co., 200 F.R.D. 661, 673 (D. Kan. 2001).

- Another narrow view of the "legal advice" requirement holds that the attorney-client privilege by definition will not protect documents prepared for review both by a lawyer and a non-lawyer. In re Central Gulf Lines, Inc., No. 97-3829 c/w 99-1888 SECTION: "E" (4), 2000 U.S. Dist. LEXIS 18019, at *6-7 (E.D. La. Dec. 4, 2000).

- Some courts parse communications so carefully that they deny privilege protection to a communication made by the client at a meeting after the lawyer rendered legal advice, holding that by definition the communication could not have been made to assist the lawyer in rendering the advice. Marsh v. Safir, No. 99 Civ. 8605 (JGK) (MHD), 2000 U.S. Dist. LEXIS 5136, at *39 (S.D.N.Y. Apr. 20, 2000).

2. Lawyers Playing Other Roles

Both inside and outside counsel can play roles other than as legal advisors, and the privilege does not protect communications to or from the lawyers acting in those other roles.

- Courts have denied privilege protection for communications to or from a lawyer acting as: friend (Restatement (Third) of Law Governing Lawyers § 72 cmt. c at 550 (1998)); negotiator (Georgia-Pacific Corp. v. GAF Roofing Mfg. Corp., No. 93CIV.5125, 1996 WL 29392, at *5 (S.D.N.Y. Jan. 25, 1996)); arranger of mailings (Bowne of New York City, Inc. v. AmBase Corp., 150 F.R.D. 465, 489 (S.D.N.Y. 1993)); political advisor (In re Lindsey, 158 F.3d 1263, 1270 (D.C. Cir.), cert. denied, 525 U.S. 996 (1998)); committee member (Marten v. Yellow Freight Sys., Inc., No. 96-2013-GTV, 1998 U.S. Dist. LEXIS 268, at *25 (D. Kan. Jan. 6, 1998)); public relations specialist (Amway Corp. v. P & G Co., No. 1:98cv726, 2001 U.S. Dist. LEXIS 4561, at *21-22 (W.D. Mich. Apr. 3, 2001)); Burton v. R.J. Reynolds Tobacco Co., 200 F.R.D. 661, 670, 672 (D. Kan. 2001); Sackman v. Liggett Group, Inc., 920 F. Supp. 357, 365 (E.D.N.Y. 1996)); lobbyist (In re Grand Jury Subpoenas, 179 F. Supp. 2d 270, 281 & n.5, 290-91 (S.D.N.Y. 2001) (requiring the production of documents by lawyers who assisted Marc Rich in seeking a pardon from President Clinton); United States Postal Serv. v. Phelps Dodge Refining Corp., 852 F. Supp. 156, 164 (E.D.N.Y. 1994)); corporate officer (Lee v. Engle, Nos. CIV.A.13323 and 13284, 1995 WL 761222, at *3 (Del. Ch. Dec. 15, 1995)); collection agent (E.I. Du Pont de Nemours & Co. v. Forma-Pack, Inc., 718 A.2d 1129, 1142 (Md. 1998)); accreditation consultant (Massachusetts Sch. of Law at Andover v. American Bar Ass'n, 895 F. Supp. 88, 90-91 (E.D. Pa. 1995)); technical advisor (Fruehauf Trailer Corp. v. Hagelthorn, 528 N.W.2d 778 (Mich. Ct. App.)); expert witness (ABA LEO 407 (5/13/77)); advisor on "engineering or equipment concerns" (In re General Instrument Corp. Sec. Litig., 190 F.R.D. 527, 531 (N.D. Ill. 2000)); accountant (United States v. Frederick, 182 F.3d 496, 501-02 (7th Cir. 1999)); tax preparer (United States v. Frederick, 182 F.3d 496, 500, 501 (7th Cir. 1999)); investment advisor (Liew v. Breen, 640 F.2d 1046, 1050 (9th Cir. 1981)); agent for the transfer of funds (Ralls v. United States, 52 F.3d 223, 226 (9th Cir. 1995)); claims investigator or adjuster (St Paul Reinsurance Co. v. Commercial Fin. Corp., 197 F.R.D. 620 (N.D. Iowa 2000));

scrivener. Prevue Pet Prods., Inc. v. Avian Adventures, Inc., 200 F.R.D. 413, 416 (N.D. Ill. 2001).

At one time, courts disagreed about the availability of privilege protection for communications to and from patent lawyers -- some courts held that patent lawyers simply acted as a "conduit" for submitting factual information to the government (Bio-Rad Lab., Inc. v. Pharmacia, Inc., 130 F.R.D. 116, 126 (N.D. Cal. 1990), while other courts found that such communications deserve privilege protection. Hydraflow, Inc. v. Enidine, Inc., 145 F.R.D. 626, 633 (W.D.N.Y. 1993).

- There has not been much recent case law on this issue, but the trend seems to be in favor of protecting such communications. Conopco, Inc. v. Warner-Lambert Co., Civ. A. No. 99-101 (KSH), 2000 U.S. Dist. LEXIS 1605, at *29, 1999 WL 1565082 at *10 (D.N.J. Jan. 24, 2000).

In a key debate about this issue, some courts hold that the privilege does not protect communications to or from a lawyer acting as an investigator. Finova Capital Corp. v. Lawrence, No. 3-99-CV-2552-M, 2001 U.S. Dist. LEXIS 2087, at *4 (N.D. Tex. Feb. 22, 2001); Abramian v. President & Fellows of Harvard College, No. 93-5968-C, 2001 Mass. Super. LEXIS 598, at *7, 8 (Nov. 29, 2001).

- Most courts take the opposite approach. In re Allen, 106 F.3d 582, 602-03 (4th Cir. 1997) (citing In re Int'l Sys. & Controls Corp. Sec. Litig., 91 F.R.D. 552, 557 (S.D. Tex. 1981), vacated on other grounds, 693 F.2d 1235 (5th Cir. 1982)); cert. denied, 522 U.S. 1047 (1998); Harding v. Dana Transp., Inc., 914 F. Supp. 1084, 1091 (D.N.J. 1996); United States v. Davis, 131 F.R.D. 391, 405 n.9 (S.D.N.Y. 1990).

3. Mixed Communications

a. Communications with Mixed Purposes

Courts often wrestle with communications that deal with both legal and business concerns.

- Most courts protect mixed legal-business communications if legal advice was the "primary purpose" of the communication. Cruz v. Coach Stores, Inc., 196 F.R.D. 228, 231 (S.D.N.Y. 2000); Nesse v. Shaw Pittman, 202 F.R.D. 344, 358 (D.D.C. 2001).

- Courts have applied this approach to in-house lawyers. In re Ford Motor Co., 110 F.3d 954, 966 (3d Cir. 1997); United States Postal Serv. v. Phelps Dodge Refining Corp., 852 F. Supp. 156, 160 (E.D.N.Y. 1994).

- Some courts have found that even investigations run by corporate law departments and involving in-house lawyers do not deserve privilege protection because the investigations were primarily motivated by business concerns rather than the need for legal advice. Seibu Corp. v. KPMG LLP, No. 3-00-CV-1139-X, 2002 U.S. Dist. LEXIS 906, at *11(N.D. Tex. Jan. 18, 2002); Amway Corp. v. P & G Co., No. 1:98cv 726, 2001 U.S. Dist. LEXIS 4561, at *26-27 (W.D. Mich. Apr. 3, 2001).

b. Communications with Mixed Components

If a communication contains both privileged and non-privileged components, the privilege protects only the former.

In the case of documents, this principle sometimes calls for the producing party to redact the privileged portion of such a mixed document. Judicial Watch, Inc. v. United States Postal Service, 297 F. Supp. 2d 252 (D.D.C. 2004).

- As a practical matter, litigants seem to use such redaction only in documents containing discrete portions that obviously lend themselves to such a process (such as agendas or minutes of meetings with clearly separate sections that can be considered individually).

4. Special Rules for In-House Lawyers

Because in-house lawyers often provide business or other nonlegal advice, most courts apply a heightened scrutiny to communications to or from in-house counsel. United States v. Dakota, 197 F.3d 821, 825 (6th Cir. 1999). B.F.G. of Ill., Inc. v. Ameritech Corp., No. 99 C 4604, 2001 U.S. Dist. LEXIS 18930, at *15, 16, 16-17, 21 (N.D. Ill. Nov. 8, 2001) (explaining that the court "will not tolerate the use of in-house counsel to give a veneer of privilege to otherwise non-privileged business communications"; recognizing that there is "a particular burden" on a corporation to demonstrate why communications with an in-house lawyer "deserve protection and they are not merely business documents"; ordering certain documents to be produced and awarding attorneys fees based on an incomplete and inaccurate privilege log prepared by the Chicago law firm of Winston & Strawn for its client Ameritech); Amway Corp. v. P & G Co., No. 1:98cv 726, 2001, U.S. Dist. LEXIS 4561, at *17-18 (W.D. Mich. Apr. 3, 2001) ("The mere fact that a certain function is performed by an individual with a law degree will not render the communications made to the individual privileged. Where, as here, in-house counsel appears as one of many recipients of an otherwise business-related memo, the federal courts place a heavy burden on the proponent to make a clear showing that counsel is acting in a professional legal capacity and that the document reflects legal, as opposed to business, advice.").

- In undertaking this analysis, courts sometimes look at whether the corporate employee possessing a law degree works as part of the corporation's law department. Boca Investerings Partnership v. United States, 31 F. Supp. 2d 9, 12 (D.D.C. 1998) ("there is a presumption that a lawyer in the legal department or working for the general counsel is most often giving legal advice, while the opposite presumption applies to a lawyer. . . who works for the Financial Group or some other seemingly management or business side of the house. A lawyer's place on the organizational chart is not always dispositive, and the relative presumption therefore may be rebutted by the party asserting the privilege").

- Those with law degrees working outside the law department will have even a more difficult time proving that their communications deserve privilege protection. Boca Investerings Partnership v. United States, 31 F. Supp. 2d 9, 12 (D.D.C. 1998).

5. Crime/Fraud

The attorney-client privilege obviously does not protect communications relating to a client's planning for commission of a future crime. Restatement (Third) of Law Governing Lawyers § 82, at 613-14 (1998).

- Of course, the privilege can cover communications between clients and lawyers about past crimes, frauds or other wrongdoing (under the right circumstance).

- The crime-fraud "exception" (which really is not an exception at all) applies only to communications about future wrongdoing.

Most courts require the party seeking to overcome the attorney-client privilege by relying on the crime-fraud exception to make some level of an independent prima facie showing of probable cause that a crime or other covered wrongdoing has been committed or was planned), and that the privileged information related to the crime or wrongdoing. In re Grand Jury Subpoena, 223 F.3d 213, 217, 219 (3d Cir. 2000); In re Grand Jury Proceedings, Thursday Special Grand Jury, Sept. Term, 33 F.3d 342, 348 (4th Cir. 1994); In re Andrews, 186 B.R. 219, 222 (Bankr. E.D. Va. 1995); X Corp. v. Doe, 805 F. Supp. 1298, 1307 (E.D. Va. 1992); Cogdill v. Commonwealth, 219 Va. 272, 276, 247 S.E.2d 392, 395 (1978).

- The crime-fraud exception does not apply "simply because privileged communications would provide an adversary with evidence of a crime or fraud." United States v. Martha Stewart, No. 03 Cr. 717 (MGC), U.S. Dist. LEXIS 23180 (S.D.N.Y. Dec. 29, 2003).

Judicial discussion of the crime-fraud exception often involves one of two issues.

First, courts debate what wrongdoing can trigger the crime-fraud exception.

- All courts apply the doctrine to crimes. Union Camp Corp. v. Lewis, 385 F.2d 143, 144 (4th Cir. 1967).

- Most courts also apply it to fraud. In re Richard Roe, Inc., 168 F.3d 69, 71 (2d Cir. 1999).

- Other courts have extended the doctrine to: bad faith litigation conduct (Cleveland Hair Clinic, Inc. v. Puig, 968 F. Supp. 1227, 1241 (N.D. Ill. 1996)); "a conspiracy to deprive plaintiffs of their civil rights" (Horizon of Hope Ministry v. Clark County, Ohio, 115 F.R.D. 1, 5-6 (S.D. Ohio 1986)); "gross negligence" (Derrick Mfg. Corp. v. Southwestern Wire Cloth, Inc., 934 F. Supp. 813, 816 (S.D. Tex. 1996)); intentional torts (Restatement (Third) of Law Governing Lawyers § 82 cmt. d at 616 (1998)); unprofessional or unethical behavior (Blanchard v. Edgemark Fin. Corp., 192 F.R.D. 233, 241 (N. D. Ill. 2000)); false discovery responses and deposition testimony (Patel v. Allison, 54 Va. Cir. 155 (Virginia Beach 2000); electronic document spoliation. Rambus, Inc. v. Infineon Technologies AG, 220 F.R.D. 264, 282, 281 (E.D. Va. 2004).

Second, courts disagree about the relationship required between the wrongdoing and the otherwise privileged communication.

- Some courts merely require some connection between the wrongdoing and the communication (In re Grand Jury Proceeding Impounded, 241 F.3d 308 (3d Cir. 2001); Southern Air Transp., Inc. v. SAT Group, Inc. (In re Southern Air Transp., Inc.), 255 B.R. 706 (Bankr. S.D. Ohio 2000)), while most courts insist that the otherwise privileged communication have played a role in furthering the crime or fraud. In re BankAmerica Corp. Sec. Litig., 270 F.3d 639, 642 (8th Cir. 2001); Rennere v. Chase Manhattan Bank, No. 98 Civ. 926 (CSH), 2001 U.S. Dist. LEXIS 17920, at *35, 36 (S.D.N.Y. Nov. 1, 2001).

- Significantly, most courts do not require that the lawyer realize that his or her communication is assisting the wrongdoing. In re BankAmerica Corp. Sec. Litig., 270 F.3d 639, 642 (8th Cir. 2001).

Some courts' expansive application of the crime-fraud exception had threatened to swallow the attorney-client privilege, but a recent case took a welcome narrow view -- requiring that a securities law plaintiff present some proof of fraudulent conduct, and criticizing the lower court for failing to conduct an in-camera review of the pertinent documents. In re BankAmerica Corp. Securities Litigation, 270 F.3d 639 (8th Cir. 2001).

E. Context of the Communication

1. Expectation of Confidentiality

a. Basis of the Requirement

As discussed above, the attorney-client privilege depends on the intimacy of the attorney-client relationship, and exists only to the extent that the client expects the communication to remain confidential within that attorney-client relationship. In re Wesp, 33 P.3d 191, 198 (Colo. 2001).

b. Relationship to the Waiver Doctrine

The "expectation of confidentiality" requirement is related to the waiver doctrine (discussed below).

- Communications made with no expectation of confidentiality deserve no privilege protection from the beginning, while privileged communications or documents may later lose their privilege protection if they are shared with others (the privilege having been "waived"). Griffith v. Davis, 161 F.R.D. 687, 694 (C.D. Cal. 1995).

- The main difference between these two concepts arises if the communication is shared with someone outside the attorney-client privilege. This sharing of privileged communications outside the attorney-client relationship can cause a subject matter waiver -- requiring the disclosure of additional documents on the same subject matter (this is explained below). This sharing of non-privileged documents does not carry this additional risk. In re Wesp, 33 P.3d 191, 198 (Colo. 2001).

c. Communications in the Presence of Third Parties

The attorney-client privilege does not protect communications conducted in the presence of those outside the attorney-client privilege. United States v. Pelullo, 5 F. Supp. 2d 285, 289 (D.N.J. 1998).

Courts have held that the presence of third parties (outside the intimacy of the attorney-client relationship) can prevent the privilege from ever arising.

- Examples include: friend (United States v. Evans, 113 F.3d 1457 (7th Cir. 1997)); family member (D.A.S. v. People, 863 P.2d 291 (Colo. 1993)); outside company accountant attending a board of directors meeting (Ampa Ltd. v. Kentfield Capital LLC, No. 00 Civ. 0508 (NRB)(AJP), 2000 U.S. Dist. LEXIS 11638, at *1 (S.D.N.Y. Aug. 16, 2000)); independent contractor or consultant on mental health issues (Crowley v. L.L. Bean, Inc., No. 00-183-P-C, 2001 U.S. Dist. LEXIS 3726, at *3 (D. Me. Feb. 1, 2001)); third-party doctor participating in a telephone call between a lawyer and a client (Cooney v. Booth, 198 F.R.D. 62 (E.D. Pa. 2000)); investment banker attending a corporate board meeting (National Educ. Training Group, Inc. v. SkillSoft Corp., No. M8-85 (WHP), 1999 U.S. Dist. LEXIS 8680, at *10 (S.D.N.Y. June 9, 1999)); spouse (In re Wesp, 33 P.3d 191 199 (Colo. 2001)); employee from another company (Liggett Group, Inc. v. Brown & Williamson Tobacco Corp., 116 F.R.D. 205, 211 (M.D.N.C. 1986)); co-worker (State v. Longo, 789 S.W.2d 812, 815 (Mo. Ct. App. 1990)); ally (Federal Election Comm'n v. Christian Coalition, 178 F.R.D. 61, 72 (E.D. Va.), aff'd in part, modified in part, 178 F.R.D. 456 (E.D. Va. 1998)); witness attending a meeting between a client and lawyer (Jones v. Ada S. McKinley Cmty. Servs., No. 89 C 0319, 1989 U.S. Dist. LEXIS 14312, at *4 (N.D. Ill. Nov. 28, 1989)).

Some courts have held that otherwise privileged communications occurring in the presence of third parties lose the protection only if someone actually overheard the privileged communication. Ashkinazi v. Sapir, No. 02 CV 0002 U.S. Dist. LEXIS 14523, at *4 (S.D.N.Y.) July 27, 2004.

2. Expectation of Disclosure

The mirror-image of the "expectation of confidentiality" is of course an expectation that a communication will be disclosed outside the intimate attorney-client relationship.

It should go without saying that communication the client expects to reveal to others do not deserve protection under the attorney-client privilege. Restatement (Third) of Law Governing Lawyers § 71 cmt. d at 546 (1998).

- This includes such common documents as securities filings, offering for proxy materials, etc. In re Grand Jury Proceedings, 220 F.3d 568, 571-72 (7th Cir. 2000).

Some courts erroneously apply the "expectation of disclosure" principle beyond just the documents intended to be revealed -- stripping away privilege protection for all related materials.

This concept does not make much sense, but some state courts and federal courts have relied on this principle to trip away privilege protection.

Courts taking what seems to be a more common-sense view apply the privilege to any information that is not ultimately disclosed. Schenet v. Anderson, 678 F. Supp. 1280 (E.D. Mich. 1988).

3. Drafts

Courts' analysis of the "expectation of confidentiality" element of the attorney-client privilege (and some courts' misapplication of that issue) can be critical when courts consider the privilege protection applicable to internal drafts of documents whose final version will be disclosed outside the attorney-client relationship.

- Some courts apply the "expectation of confidentiality" doctrine broadly, and preclude any privilege or work product protection for such drafts. Burton v. R.J. Reynolds Tobacco Co., 170 F.R.D. 481, 485 (D. Kan.) ("When documents are prepared for dissemination to third parties, neither the document itself, nor preliminary drafts, are entitled to immunity. Documents which the client does not reasonably believe will remain confidential are not protected."), motion aff'd in part, denied in part, 177 F.R.D. 491 (D. Kan. 1997); Abramian v. President & Fellows of Harvard Coll., No. 93-5968-C, 2001 Mass. Super. LEXIS 698, at *9, 13 (Middlesex Super. Ct. Nov. 29, 2001).

- Other courts take what is the more logical approach, and protect any drafts that are not ultimately revealed. Muncy v. City of Dallas, Civ. A. No. 3:99-CV-2960-P, 2001 U.S. Dist. LEXIS 18675, at *10-11 (N.D. Tex. Nov. 13, 2001); Long v. Anderson Univ., 204 F.R.D. 129, 135 (S.D. Ind. 2001); Nesse v. Shaw Pittman, 202 F.R.D. 344, 351 (D.D.C. 2001); Alexander v. FBI, 198 F.R.D. 306, 312 (D.D.C. 2000) ("Drafts of documents that are prepared with the assistance of counsel for release to a third party are protected under attorney-client privilege."); N.V. Organon v. Elan Pharms., Inc., No. 99 Civ. 11674 (JGK) (RLE), 2000 U.S. Dist. LEXIS 5629, at *5 (S.D.N.Y. Apr. 27, 2000).

Although it should make no difference from a conceptual standpoint, lawyers might want to consider communicating their thoughts about drafts in separate documents directed to their clients.

- For example, a lawyer reviewing a draft proxy statement or a client's affidavit intended to be used in litigation should consider conveying legal advice about those documents in a memorandum to the client that articulates the privileged nature of the communication and has a proper legend on it.

- A court conducting an in camera review of documents included on a privilege log in later litigation might be more inclined to protect such a document, while the same court might misapply the "expectation of confidentiality" principle and order the production of a draft of the document itself, which contains a lawyer's handwritten note scribbled on the margin -- even if the handwritten marginal note contains the same substantive legal advice as the stand-alone memorandum.

4. Common Interest Doctrine

The "joint defense" or "common interest" doctrine is in some ways an anomaly in the law of privilege.

a. History of the Doctrine

Starting with an old Virginia case (Chahoon v. Commonwealth, 62 Va. (21 Gratt.) 822, 841-43 (1871)), court carved out an exception to both the "expectation of confidentiality" and the "waiver" concepts.

- The exception permitted certain outsiders who were not within the intimacy of the attorney-client relationship to engage in communications that were privileged from the beginning, or later share privileged communications -- without causing a waiver.

- Those originally included within this narrow exception were criminal co-defendant who wanted to cooperate with their fellow co-defendants in preparing a cooperative defense to the government's criminal charges.

b. Expansion to the "Common Interest" Doctrine

Starting with what was called the "joint defense" doctrine, court eventually expanded this exception -- most courts ultimately calling it the "common interest" doctrine to represent this expanded concept. In re Grand Jury Subpoenas 89-3 & 89-4, John Doe 89-129, 902 F.2d 244, 249 (4th Cir. 1990) (noting that what was called the "joint defense privilege" is "more properly identified as the 'common interest rule' " (citing United States v. Schwimmer, 892 F.2d 237, 243 (2d Cir. 1989))).

c. Difference between the Common Interest Doctrine and Multiple Representations

Although some courts get it wrong, the "common interest" doctrine is fundamentally different from the "multiple representation" situation discussed above -- which involves the same lawyer representing more than one client on the same matter.

- In contrast, the "common interest" doctrine applies to communication among different clients with different lawyers. Restatement (Third) of Law Governing Lawyers § 76 cmt. e at 586 (1998).

- Surprisingly, some courts use the term "common interest doctrine" when referring to multiple clients retaining the same lawyer -- although that situation involves a joint representation, not a "common interest"

arrangement. Hanson v. United States Agency for International Development, 372 F.3d 286, 292, 294 (4th Cir. 2004).

d. True Nature of the Common Interest Doctrine

Properly considered, the "common interest" doctrine is not a separate privilege or protection -- it instead merely eliminates what would be the ill effects of the "expectation of confidentiality" element (which would otherwise defeat the privilege ab initio if those outside the intimate attorney-client relationship participate in the original communication) or the "waiver" element (which would otherwise destroy the privilege if protected communications are shared outside the intimate attorney-client relationship). McNally Tunneling Corp. v. City of Evanston, No. 00 C 6979, 2001 U.S. Dist. LEXIS 17164, at *6 (N.D. Ill. Oct. 16, 2001).

e. Courts Taking a Broad View of the Common Interest Doctrine

Courts taking a broad view of the common interest doctrine protect communications between co-defendants and co-plaintiffs, whether or not litigation has actually begun, and whether or not the clients sharing the common interests also have some adverse interests. Restatement (Third) of Law Governing Lawyers § 76 cmt. e at 586 (1998); United States v. Moscony, 927 F.2d 742, 753 (3d Cir.), cert. denied, 501 U.S. 1211 (1991); United States v. Zolin, 809 F.2d 1411, 1417 (9th Cir. 1987); Prevue Pet Prods., Inc. v. Avian Adventures, Inc., 200 F.R.D. 413, 417 (N.D. Ill. 2001); Wsol v. Fiduciary Mgmt. Assocs., Inc., No. 99 C 1719, 1999 U.S. Dist. LEXIS 19002, at *14-15, 1999 WL 1129100, at *5 (N.D. Ill. Dec. 7, 1999).

f. Courts Taking a Narrow View of the Common Interest Doctrine

Many courts take a narrow view of the common interest doctrine, and the trend appears to be in favor of narrowing the doctrine's reach. United States v. Aramony, 88 F.3d 1369, 1392 (4th Cir. 1996), cert. denied, 520 U.S. 1239 (1997).

First, courts are increasingly likely to find that the "common interest" is commercial rather than legal, thus rendering the doctrine inapplicable.

- In one celebrated case, a well-known New York law firm representing a bank in a large merger shared privileged communications with J. P. Morgan and Goldman Sachs, who acted as the bank's investment advisors. Stenovitch v. Wachtell, Lipton, Rosen & Katz, 756 NYS 2d 367 (N.Y. App. Div, 2003). When investors sued the bank, the law firm attempted to rely on the "common interest" doctrine to protect the communication shared with the investment advisors -- who otherwise would have been the kind of client agents who (as explained above) are outside the attorney-client relationship.

- A New York court rejected the common interest argument, and found that the law firm had waived the bank's privilege by sharing protected communications with investment advisors.

- Even worse, the court found that the sharing caused a subject matter waiver -- thus requiring the bank to disclose even more protected communications to the private plaintiffs (the concept of the "subject matter waiver" is discussed below).

Second, courts are increasingly requiring that participants in a common interest agreement be involved in or anticipate litigation before applying the doctrine.

- Some courts apply the doctrine only in the case of pending litigation. Boston Auction Co. v. Western Farm Credit Bank, 925 F. Supp. 1478, 1482-83 (D. Haw. 1996).

- Some courts require that litigation be a "palpable reality." In re Santa Fe Int'l Corp., 272 F.3d 705, 713, 714 (5th Cir. 2001).

- One case required the same sort of "anticipation of litigation" necessary for the work product doctrine protection (discussed below) before it recognized the efficacy of a "common interest" agreement. United States v. Duke Energy Corp., 214 F.R.D. 383, 390 (M.D.N.C. 2003); American Legacy Foundation v. Lorillard Tobacco Co., 2004 Del. Ch. LEXIS 157 (Del. Nov. 3, 2004) (finding that a Wilmer Cutler client had not waived the attorney-client privilege covering that law firm's advice by sharing the advice with the client's advertising agency, because the client and the agency could "foresee potential litigation" and therefore could rely on the "common interest doctrine").

g. Privileged Nature of the Common Interest Agreement Itself

Courts disagree about the privileged nature of the common interest agreement itself. McNally Tunneling Corp., v. City of Evanston, No. 00 C 6979, 2001 U.S. Dist. LEXIS 17090 (E.D. Ill. Oct. 16, 2001); Power Mosfet Techs. v. Siemens AG, No. 2:99CV168, 2000 U.S. Dist. LEXIS 19898, at *13 n. 12 (E.D. Tex. Oct 30, 2000).

h. Later Adversity Among Common Interest Agreement Participants

Later adversity among participants in a common interest agreement normally destroys the privilege. United States v. Agnello, 135 F. Supp. 2d 380 (E.D.N.Y.), aff'd, Nos. 01-1211(L), -12, -13, 2001 U.S. App. LEXIS 15740 (2d Cir. July 10, 2001); Hillerich & Bradsby Co. v. MacKay, 26 F. Supp.2d 124, 127 (D.D.C. 1998).

- On the other hand, a law firm representing one member of a common interest agreement consortium may be prohibited by the conflicts of interest rules from later taking positions adverse to another member, absent a prospective or contemporaneous consent after full disclosure. GTE North, Inc. v. Apache Prods. Co., 914 F. Supp. 1575, 1581 (N.D. Ill. 1996).

i. Dangers of Common Interest Agreements

Governmental investigators or prosecutors often view with suspicion any cooperation between companies and their employees, so company lawyers handling criminal matters should be very careful when entering into joint defense agreements with company employees.

- Even in civil litigation, if the applicable privilege law does not protect the common interest agreement itself, there is some danger that an adversary might rely upon the agreement to bolster some conspiracy claim.

In appropriate circumstances, company lawyers should arrange for a written common interest agreement with company employees, affiliates, or third parties with whom the company might share a common legal interest.

F. Avoiding Waiver of the Privilege

1. General Rules

Lawyers play an especially important role in avoiding waiver of the attorney-client privilege, because clients cannot be expected to understand some of the waiver doctrine's subtleties.

Even some of the seemingly basic waiver rules can create complications.

For instance, a waiver usually occurs only if the disclosure is voluntary -- not if it is compelled. Restatement (Third) of Law Governing Lawyers § 79 cmt. g at 599 (1998); Amway Corp. v. P & G Co., No. 1:98cv726, 2001 U.S. Dist. LEXIS 4561, at *8-9, 10, 11 (W.D. Mich. Apr. 3, 2001).

- However, a litigant seeking to avoid a finding of waiver might argue that a hastily-ordered document production amounted to a compelled disclosure (Transamerica Computer Co. v. International Bus. Machs. Corp. 573 F.2d 646, 650-51 (9th Cir. 1978)), or contend that the production of a privileged document was "compelled" because they would have lost a fight over privilege. Urban Box Office Network, Inc., v. The Interfase Managers, L.P., 2004 U.S. Dist. LEXIS 21229 (S.D.N.Y. 2004) (rejecting this argument).

Although all courts agree that the privilege's proponent has the burden proof, courts have debated who has the burden of proving waiver.

- Some courts hold that privilege's proponent must prove lack of waiver (Wells v. Liddy, 37 Fed. Appx. 53, 65 (4th Cir. 2002)), while other courts place the burden on the party challenging the privilege. The Times-Picayune Publishing Corp. v. Zurich American Insurance Co., Civ. A. No. 02-3263 Section "M" (2), 2004 U.S. Dist. LEXIS 1027, at *26 (E.D. La. Jan. 26, 2004) (holding that "[o]nce a claim of privilege has been established, the burden of proof shifts to the party seeking discovery to prove any applicable exception to the privilege, such as waiver").

Many clients (and even lawyers) are surprised by the attorney-client privilege's fragility.

- The attorney-client privilege is so fragile that Martha Stewart waived the attorney-client privilege covering an e-mail to her lawyer by later sharing the e-mail with her own daughter. United States v. Stewart, 287 F. Supp. 2d 461 (S.D.N.Y. Oct. 20, 2003).

- Voluntarily disclosing privileged communications to someone outside the intimacy of the attorney-client relationship generally causes a waiver even if

the privilege's owner and the third party enter into a strict confidentiality agreement -- which may create a contractual obligation to keep the communications secret, but which does not prevent destruction of the privilege protection. Urban Box Office Network, Inc., v. The Interfase Managers, L.P., 2004 U.S. Dist. LEXIS 21229 (S.D.N.Y. 2004). This means that others who are not bound by the contractual agreement generally may seek access to the shared communications that were previously privileged.

2. Who Can Waive the Privilege

One key question is of course who can waive a corporation's attorney-client privilege -- since many agents of the corporation deal with communication whose privilege is owned by the intangible institution.

a. Current Company Employees

Some courts hold that only a company's management may waive the attorney-client privilege. United States v. Agnello, 135 F. Supp. 2d 380, 384-85 (E.D.N.Y. 2001).

Other courts hold that employees trusted with privileged information may also waive the attorney-client privilege. Moskowitz v. Lopp, 128 F.R.D. 624, 638 (E.D. Pa. 1989); Jonathan Corp. v. Prime Computer, Inc., 114 F.R.D. 693, 696 n.6, 698-99 (E.D. Va. 1987).

- Even these courts hold that a disloyal employee may not waive the corporation's privilege by surreptitiously revealing privileged information. In re Grand Jury Proceedings, 219 F.3d 175 (2d Cir. 2000).

b. Former Company Employees

Most courts hold that a corporation's former officers and the directors or employees cannot waive the corporation's privilege. In re Grand Jury Subpoena, 274 F.3d 563, 571 (1st Cir. 2001); Shaffer v. OhioHealth Corp. 2004 Ohio 63, 2004 Ohio App. LEXIS 15 (Ohio Ct. App. Jan. 8, 2004).

- Courts have debated whether corporations can deny requests by now-adverse former executives or directors for access to privileged communications to which they had access while working for the corporation. Genova v. Longs Peak Emergency Physicians, P.C., 72 P.3d 454, 463 (Colo. Ct. App. 2003) (noting the debate among courts on this issue, and holding that a former director who is now adverse to the corporation could be denied access to privileged documents; explaining that "the privilege may be asserted against an adverse litigant" -- even if the litigant previously had access to the privileged documents).

c. Lawyers

Most courts hold that a company's lawyer may waive the privilege. Restatement (Third) of Law Governing Lawyers § 78 cmt. c at 594 (1998).

d. Jointly Represented Clients

Jointly-represented clients generally must join in any waiver of the jointly-owned attorney-client privilege. Restatement (Third) of Law Governing Lawyers § 75 cmt. e at 581-82 (1998).

- This is one of the reasons why lawyers should rarely (if ever) enter into a joint representation of the company and an employee on the same matter.

If the formerly jointly-represented clients become litigation adversaries, either of the clients generally can use the privileged communications against their now-adversary. Restatement (Third) of Law Governing Lawyers § 75 cmt. d at 580 (1998).

e. Common Interest Agreement Participants

Analyzing who can waive the privilege becomes more complicated in situations where clients share a lawyer or have entered into a common interest arrangement.

First, no single client who is jointly represented, and no single member of a common interest arrangement may waive the privilege covering joint communications -- all of the clients or all of the common interest participants generally must join in any waiver. Restatement (Third) of Law Governing Lawyers 76 cmt. g at 586-87 (1998); John Morrell & Co. v. Local Union 304A, 913 F.2d 544, 556 (8th Cir. 1990).

Second, if jointly represented clients become adversaries in a future proceeding, either one may generally waive the privilege that would otherwise cover their joint communications with their common lawyer. Restatement (Third) of Law Governing Lawyers 75 cmt. d at 580 (1998); Restatement (Third) of Law Governing Lawyers 75, at 579 (1998); FDIC v. Ogden Corp., 202 F.3d 454, 461 (1st Cir. 2000).

- The former jointly represented client might even be given access to communications between the other client and the common lawyer to which the client was not privy at the time.

Third, if participants in a common interest arrangement become adversaries in a future proceeding, generally any of the participants may use otherwise

privileged communications against the others. Hillerich & Bradsby Co. v. MacKay, 26 F. Supp. 2d 124, 127 (D.D.C. 1998); Securities Investor Protection Corp. v. Stratton Oakmont, Inc., 213 B.R. 433, 439 (Bankr. S.D.N.Y. 1997); Opus Corp. v. IBM Corp., 956 F. Supp. 1503, 1506 (D. Minn. 1996).

- Unlike a joint defense arrangement, a common interest agreement participant in such a situation will not be given access to private communications that the other participants had with their own lawyers.

- However, each participant's lawyer's receipt of confidential information as part of the common interest arrangement generally will disqualify the lawyer from adversity to other participants, absent a prospective or contemporaneous consent. GTE North, Inc. v. Apache Prods. Co., 914 F. Supp. 1575, 1581 (N.D. Ill. 1996).

3. Express Waiver Outside the Company

Sharing privileged communications outside the company normally does not amount to a waiver if they are shared with other companies in the same corporate family or under some common interest agreement. Tenneco Automotive Inc. v. El Paso Corp., Civ. A. No. 18810-NC, 2001 Del. Ch. LEXIS 138, at *5-6 (Del. Ch. Nov. 5, 2001); Strougo v. BEA Assocs., 199 F.R.D. 515 (S.D.N.Y. 2001).

On the other hand, common sense would dictate that voluntarily sharing privileged communications outside the corporation risks waiver of the privilege. Such disclosure can occur intentionally or inadvertently.

a. Intentional Disclosure

The **intentional** sharing privileged communications outside the company normally waives the attorney-client privilege.

- Courts have found that clients (or their lawyers) sharing privileged communications with the following third parties causes a waiver: investment banker (United States v. Ackert, 169 F.3d 136 (2d Cir. 1999); National Educ. Training Group, Inc. v. Skillsoft Corp., No. M8-85 (WHP), 1999 U.S. Dist. LEXIS 8680, at *12-13 (S.D.N.Y. June 10, 1999); In re Consolidated Litig. Concerning Int'l Harvester's Disposition of Wis. Steel, 666 F. Supp. 1148, 1156-57 (N.D. Ill. 1987)); investment advisor (Stenovitch v. Wachtell, Lipton, Rosen & Katz, 756 NYS 2d 367 (N.Y. App. Div, 2003)); bank (White v. Sundstrand Corp., No. 98 C 50070, 2000 U.S. Dist. LEXIS 7273, at *10 (N.D. Ill. May 23, 2000)); public relations firm (Calvin Klein Trademark Trust v. Wachner, 198 F.R.D. 53 (S.D.N.Y. 2000)); ERISA plan administrator (found to be a fiduciary acting on behalf of the beneficiaries, and not a company representative (Lewis v. UNUM Corp. Severance Plan, 203 F.R.D. 615, 620, 621 (D. Kan. 2001)); accountant. Strougo v. BEA Assocs., 199 F.R.D. 515, 522 (S.D.N.Y. 2001); United States ex rel. Mayman v. Martin Marietta Corp., 886 F. Supp. 1243, 1249 n.10 (D. Md. 1995); American Health Sys., Inc. v. Liberty Health Sys., No. 90-3112, 1991 WL 42310, at *5-6 (E.D. Pa. Mar. 26, 1991); Gramm v. Horsehead Indus., Inc., No. 87CIV.5122, 1990 WL 142404, at *4 (S.D.N.Y. Jan 25, 1990).

- Clients of large and prestigious law firms have been on the losing end of such waiver analyses. American Legacy Foundation v. Lorillard Tobacco Co., 2004 Del. Ch. LEXIS 157 (Del. Nov. 3, 2004) (holding that Wilmer Cutler's client had waived the privilege by sharing the law firm's advice with its public relations firm; rejecting the law firm's argument that the public relations firm's employees were the "functional equivalent" of the client's employees, or that they were agents of the client; concluding that the firm's client and the public relations firm did not share the necessary "common interest," because the relationship between them was not "supervised by counsel"); Stenovitch v. Wachtell, Lipton, Rosen & Katz, 756 NYS 2d 367 (N.Y. App. Div, 2003) (rejecting Wachtell, Lipton's argument that its bank client and various investment advisors shared a "common interest"; holding that disclosure of privileged communications to the investment advisors waived the client's privilege, and finding a subject matter waiver).

Clients or their lawyers generally waive the privilege by sharing privileged communications even during such legally-encouraged activities such as settlement talks. Bausch & Lomb Inc. v. Alcon Lab., Inc., 38 U.S.P.Q.2d (BNA) 1761, 1765 (W.D.N.Y. 1996).

Normally even a strict confidentiality agreement cannot avoid a waiver. Bowne of New York City, Inc. v. AmBase Corp., 150 F.R.D. 465 (S.D.N.Y. 1993).

Worse yet, waiving the privilege as to one third party outside the intimate attorney-client relationship almost always waives it as to everyone else -- meaning that the protection disappears forever.

Two recent lines of cases are consistent with this general approach, but might surprise some clients.

- **First**, sharing privileged communications with the **government** in nearly every case waives the privilege. In re Columbia/HCA Healthcare Corp. Billing Practices Litigation, 293 F.3d 289 (6th Cir. 2002); In re Tyco Int'l, Inc. Multidistrict Litig., 2004 U.S. Dist. LEXIS 4541 (D.N.H. Mar. 19, 2004);

Spanierman Gallery v. Merrit, 2003 U.S. Dist. LEXIS 22141 (S.D.N.Y. Dec. 5, 2003); United States v. Bergonzi, 216 F.R.D. 487 (N.D. Cal. 2003); McKesson HBOC, Inc. v. Superior Court, 9 Cal. Rptr. 3d 812 (Cal. App. 1st Dist. 2004); McKesson Corp. v. Green 2004 Ga. App. LEXIS 326 (Ga. Ct. App. Mar. 8, 2004).

- Only a few cases hold out any hope for avoiding a waiver when sharing privileged communications with the government. Teachers Ins. & Annuity Ass'n v. Shamrock Broad. Co., 521 F. Supp. 638, 646 (S.D.N.Y. 1981); In re Steinhardt Partners, L.P., 9 F.3d 230, 236 (2d Cir. 1993).

- **Second**, sharing privileged communications with a company's **outside auditor** normally waives the privilege. Medinol, Ltd. v. Boston Science Corp., 214 F.R.D. 113 (S.D.N.Y. 2002); Restatement (Third) of Law Governing Lawyers § 71 cmt. e at 546 (1998); United States v. South Chicago Bank, No. 97 CR 849-1, 2, 1998 U.S. Dist. LEXIS 17445, at *7-8 (N.D. Ill. Oct. 16, 1998); In re Subpoena Duces Tecum Served on Willkie Farr & Gallagher, No. M8-85(JSM), 1997 WL 118369, at *3 (S.D.N.Y. Mar. 14, 1997).

- Clients might also be surprised by the waiver implications of sharing work product material with the government and auditors (this is discussed below).

Courts disagree about the waiver implications of intentionally sharing privileged communications as part of a corporate transaction.

- Some courts find that sharing information as part of pre-transaction "due diligence" waives the attorney-client privilege. Cheeves v. Southern Clays, Inc., 128 F.R.D. 128, 130-31 (M.D. Ga. 1989); Oak Indus. v. Zenith Indus., No. 86C4302, 1988 WL 79614, at *4, 5 (N.D. Ill. July 27, 1988).

- Other courts take the opposite approach -- sometimes citing the societal benefit of such due diligence. Rayman v. American Charter Fed. Sav. & Loan Ass'n, 148 F.R.D. 647, 652 (D. Neb. 1993); Hewlett-Packard Co. v. Bausch & Lomb, Inc., 115 F.R.D. 308, 311 (N.D. Cal. 1987).

b. Inadvertent Disclosure

The **inadvertent** sharing of privileged communications outside the company can also waive the privilege. Jasmine Networks, Inc. v. Marvell Semiconductor, Inc., 12 Cal. Rptr. 3d 123, 125, 132 (Cal. Ct. App. 2004) (finding that two lawyers and a client for one company waived the attorney-client privilege by failing to hang up a speaker phone when leaving a message on another company's executive's voicemail -- and accidentally leaving a message on that voicemail about the possibility that company executives "might go to jail" for wrongdoing that the company planned); Bower v. Weisman, 669 F. Supp. 602, 606 (S.D.N.Y. 1987) (finding that leaving a privilege document on a table in a hotel room in which another person would be staying amounts to a waiver).

Such inadvertent sharing can occur because of a mistake in transmission of privileged communications (outside the litigation setting).

- Such inadvertent transmission might create an ethical duty by the recipient to return the communication without reading it.

- The ABA first recognized this duty in ABA LEO 368 (11/10/92).

- The ABA has now backed away from its strict approach, and ABA Model Rule 4.4(b) now indicates that a lawyer receiving a document who "knows or reasonably should know that the document was inadvertently sent shall promptly notify the sender" -- there is no per se requirement if the recipient returns the inadvertently sent document.

Clients or lawyers may also inadvertently disclosure privileged communications to third parties as part of a litigation-related document production.

- In such situations, some courts find that such inadvertent sharing always waives the privilege (In re Sealed Case, 877 F.2d 976, 980 (D.C. Cir. 1989)), while others find that it never waives the privilege. Berg Elec., Inc. v. Molex, Inc., 875 F. Supp. 261, 263 (D. Del. 1995).

- Most courts take a fact-intensive middle approach. Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 104 F.R.D. 103 (S.D.N.Y. 1985).

- This middle approach looks at the procedures established for the document review, whether the procedures were followed, the number of documents reviewed and the privileged documents inadvertently revealed, the speed with which the producing party requested the document's return, and the breadth of the disclosure before the request.

Most courts seem to honor what are called "non-waiver" agreements entered into between litigants -- which require the return of any accidentally produced privileged documents.

- However, one recent case found that a non-waiver agreement requiring the signatories to return "inadvertently produced" privileged documents during a commercial litigation case did not require the return of documents

that were sent to the other side through "gross negligence." VLT, Inc. v. Lucent Techs., Inc., 2003 U.S. Dist. LEXIS 723 (D. Mass. January 21, 2003).

- Even worse, the court found that the "grossly negligent" production of some privileged documents created a subject matter waiver. Id.

4. Express Waiver Inside the Company

At first blush, it might seem that the Upjohn approach (described above) means that all company employees (at any level) are within the intimate attorney-client relationship and therefore may share privileged communications without causing a waiver.

- However, the Upjohn rule only applies to communications between the company's lawyer and those employees with knowledge that the lawyer must obtain to provide legal advice to the company.

- Thus, Upjohn has a built-in "need to know" test.

Company employees might waive the attorney-client privilege by sharing communications inside the company -- beyond those with a "need to know." Restatement (Third) of Law Governing Lawyers § 73 cmt. g at 562-63 (1998); Verschoth v. Time Warner Inc., No. 00 Civ. 1339 (AGS) (JCF), 2001 U.S. Dist. LEXIS 3174, at *6-7, 9, 2, 4, 10 (S.D.N.Y. Mar. 22, 2001) (finding that the attorney-client privilege did not protect communications during an internal Time-Warner meeting attended by a former assistant managing editor of Sports Illustrated who continued to do freelance editing, because "it was not necessary" for him to be involved, and he "had no managerial responsibilities for the employment issues discussed at the meeting"); In re General Instrument Corp. Sec. Litig., 190 F.R.D. 527, 531 (N.D. Ill. 2000); Alexander v. FBI, 186 F.R.D. 154, 162 (D.D.C. 1999); see also ABA LEO 398 (10/27/95).

- Perhaps the best judicial analysis of the "need to know" standard explained it as follows: "the 'need to know' must be analyzed from two perspectives: (1) the role in the corporation of the employee or agent who receives the communication; and (2) the nature of the communication, that is, whether it necessarily incorporates legal advice. To the extent that the recipient of the information is a policymaker generally or is responsible for the specific subject matter at issue in a way that depends upon legal advice, then the communication is more likely privileged. For example, if an automobile manufacturer is attempting to remedy a design defect that has created legal liability, then the vice president for design is surely among those to whom confidential legal communications can be made. So, too, is the engineer who will actually redesign the defective part: he or she will necessarily have a dialogue with counsel so that the lawyers can understand the practical constraints and the engineer can comprehend the legal ones. By contrast, the autoworker on the assembly line has no need to be advised of the legal basis for a charge [sic] in production even though it affects the worker's routine and thus is within his or her general area of responsibility. The worker, of course, must be told what new production procedure to implement, but has no need to know the legal background." Verschoth v. Time Warner Inc., No. 00 Civ. 1339 (AGS) (JCF), 2001 U.S. Dist. LEXIS 3174, at *6-7 (S.D.N.Y. Mar. 22, 2001)

- Some of the cases dealing with such waiver implications of intra-corporate sharing might seem harsh. For instance, one court held that a corporation's distribution of a privileged memorandum to only six corporate employees created "serious doubts" as to its privileged nature. Jonathan Corp. v. Prime Computer, Inc., 114 F.R.D. 693, 696 n.6 (E.D. Va. 1987).

As with the "expectation of confidentiality" and "waiver" rules governing the disclosure of documents to other consultants and agents, this waiver principle would probably surprise most company executives -- who want to keep various other executives or employees "in the loop" and therefore might share privileged communications with them.

- This danger is most acute when employees communicate via e-mail (because e-mail is so easy to circulate, and because employees often use outdated recipient lists).

Lawyers should train their clients to treat privileged communications as the company's "crown jewels" -- not even sharing them with others within the company, unless they clearly have a "need to know."

5. Implied Waiver

The attorney-client privilege is so fragile that its holders can waive its protections not only by intentionally or inadvertently disclosing privileged communications (express waiver) but also by relying on the fact of privileged communications -- even without actually disclosing them.

This type of waiver is called an implied waiver.

- Surprisingly, some courts mistakenly use the term "implied waiver" in discussing the actual disclosure of privileged information. Hanson v. United States Agency for International Development, 372 F.3d 286, 292, 294 (4th Cir. 2004).

As one would expect (because lawyers write the rules), clients attacking their lawyers impliedly waive the privilege -- thus permitting the lawyers to defend themselves.

a. Dangerous Nature of Implied Waivers

Implied waivers are inherently more frightening and dangerous than express waivers.

- Clients and their lawyers could be expected to understand that disclosing privileged communications to third parties might cause a problem, but intuition might not alert either the client or the lawyer to the waiver implications of referring to a privileged communication.

b. Explicit Reliance on Legal Advice

The classic example of a client causing an implied waiver is a criminal defendant relying on the defense of "ineffective assistance of counsel" or a civil litigant relying on the defense of "advice of counsel." Sedillos v. Board of Education, 313 F. Supp. 2d 1091, 1094 (D. Colo. 2004); SNK Corp. v. Atlus Dream Entm't Co., 188 F.R.D. 566, 571, 574-75 (N.D. Cal. 1999).

- Litigants sometimes stumble into an "advice of counsel" defense. Engineered Products Co. v. Donaldson Co., 313 F. Supp. 2d 951 (N.D. Iowa 2004) (finding an implied waiver because a litigant's lawyer allowed the client to testify that its lawyer was the source of the client's belief that an adversary had "sat on its rights").

In-house and outside corporate lawyers are likely to face implied waiver issues in two situations.

First, corporations are often tempted to use the fact (and perhaps the ultimate result) of an internal investigation in an effort to sway public opinion, deter governmental sanctions, or defend civil lawsuits.

- Depending on the nature of the reliance and the degree to which the client in seeking some advantage in doing so, such reliance can cause an implied waiver of the attorney-client privilege that might otherwise cover communications related to the investigation. In re Subpoena Duces Tecum Served on Wilkie Farr & Gallagher, No. M8-85, 1997 WL 118369 (S.D.N.Y. Mar. 14, 1997) (holding that a company had waived the privilege that otherwise protected the report prepared by its outside law firm and provided to its auditor by citing the fact of the audit in seeking to avoid federal regulatory punishment); Harding v. Dana Transp., Inc., 914 F. Supp. 1084, 1096-97 (D.N.J. 1996) (finding that a party waived the attorney-client privilege otherwise protecting the results of a corporate investigation by relying on the investigation (although not its content) in defending against government allegations of civil rights violations); In re Kidder Peabody Sec. Litig., 168 F.R.D. 459, 472 (S.D.N.Y. 1996) ("This pattern of usage of the report by Kidder amply justifies the conclusion that it has put in issue the statements made by all interviewees, including Kidder employees, to Lynch and his colleagues in the course of their preparation of the report. Waiver necessarily follows. . . . The fairness doctrine is still more explicitly triggered by Kidder's use of the Lynch report in the pending lawsuits and arbitrations. As noted, Kidder has repeatedly proffered the Lynch report not merely as a signal of its own good faith, but as a reliable, if not authoritative, source of data on which the court should rely in reaching whatever conclusion would favor the company. Implicitly, then, Kidder is proffering the underlying facts on which the Lynch report is assertedly based, including particularly the statements made to the investigators by the witnesses whom they interviewed.").

- Courts recognize that companies can conduct different (and sometimes parallel) investigations, one of which will not be privileged because the company intends to rely on its fruits, and one of which will be protected by the privilege (and the work product doctrine) because the company disclaims any intent to rely on its fruits. EEOC v. Rose Casual Dining, L.P., No. 02-7485, 2004 U.S. Dist. LEXIS 1983 (E.D. Pa. Jan. 23, 2004).

Second, some employment discrimination laws recognize an explicit affirmative defense allowing a corporation to avoid liability by demonstrating the fact that it investigated alleged wrongdoing and took reasonable remedial measures (as in the case of sexual harassment allegations).

- Courts uniformly hold that corporations asserting this defense impliedly waive the attorney-client privilege otherwise covering those investigations. McGrath v. Nassau Health Care Corp., 204 F.R.D. 240, 247 (E.D.N.Y. 2001) (finding that a company had waived the attorney-client privilege and work product doctrine protections by asserting an affirmative defense in a sexual harassment case that it was "not liable because it exercised reasonable care to prevent and promptly correct any sexual harassing behavior"); Rivera v. Kmart Corp., 190 F.R.D. 298, 304 (D.P.R. 2000) (holding that in a wrongful termination case defendant Kmart had waived any privilege protection for documents relating to a Kmart employee's interview of a store manager because Kmart referred to the interview in justifying plaintiffs' termination); Brownell v. Roadway Pkg. Sys., Inc., 185 F.R.D. 19, 25 (N.D.N.Y. 1999) ("The Court finds, however, that RPS waived its right to invoke the privilege by asserting the adequacy of its investigation as a defense to Plaintiff's claims of sexual harassment");

Sealy v. Gruntal & Co., No. 94 Civ. 7948 (KTD)(MHD), 1998 U.S. Dist. LEXIS 15654, at *15, 16 (S.D.N.Y. Oct. 6, 1998) (finding that an affirmative defense that defendant conducted an investigation into plaintiff's sexual harassment case "constitutes a waiver of privilege for otherwise protected communications); Pray v. New York City Ballet Co., No. 96 Civ. 5723 (RLC)(HBP), 1997 U.S. Dist. LEXIS 6995, at *2-3, 7, 10 (S.D.N.Y. May 19, 1997) (allowing plaintiff in a sexual harassment case to depose four partners at the law firm of Proskauer, Rose, Goetz & Mendelsohn; "[w]here, as here, an employer relies on an internal investigation and subsequent corrective action for its defense, it has placed that conduct 'in issue'. Thus, an employer may not prevent discovery of such an investigation based on attorney-client or work product privileges solely because the employer has hired attorneys to conduct its investigation. The employer has waived the protection of these privileges concerning the investigation and subsequent remedial action by virtue of its defense."); Wellpoint Health Networks, Inc. v. Superior Court, 68 Cal. Rptr. 2d 844, 856 (Cal. Ct. App. 1997) ("If a defendant employer hopes to prevail by showing that it investigated an employee's complaint and took action appropriate to the findings of the investigation, then it will have put the adequacy of the investigation directly at issue, and cannot stand on the attorney-client privilege or work product doctrine to preclude a thorough examination of its adequacy. The defendant cannot have it both ways. If it chooses this course, it does so with the understanding that the attorney-client privilege and the work product doctrine are thereby waived.").

c. "At Issue" Doctrine

A number of courts have taken this implied waiver principle to the extreme, adopting an approach called the "at issue" doctrine.

- The traditional implied waiver concept involves clients explicitly pointing to privileged communications to gain some advantage -- it is understandable how notions of fairness do not permit such clients to withhold the communications from the adversary's discovery.

- In contrast, the "at issue" doctrine involves a client asserting some other position (usually affirmatively, but sometime defensively) in litigation -- the full exploration and consideration of which might require assessment of privileged communications. Hearn v. Rhay, 68 F.R.D. 574 (E.D. Wash. 1975); Conkling v. Turner, 883 F.2d 431, 434 (5th Cir. 1989).

- For instance, a litigant might seek to avoid a statute of limitations defense by contending that it was not aware of some benefit or right -- which arguably puts its mental state and knowledge "at issue," and might justify a forced disclosure of communications that client had with a lawyer during the time period the client claims ignorance. Lama v. Preskill, 2004 Ill. App. LEXIS 1353 (Ill. Nov. 5, 2004) (over a strong dissent, holding that a malpractice plaintiff had impliedly waived the attorney-client privilege otherwise covering communications during a meeting her husband had with a lawyer several days after her surgery, by alleging in her complaint that she did not learn of her injury until a date after that meeting; not explaining whether it would have reached the same result if the plaintiff had not "voluntarily injected into the case the factual and legal issues of when she learned of her injury," but instead had waited to respond to the defendant's statute of limitations affirmative defense).

Courts extending the implied waiver concept this far normally require that the information at stake be important, and that it be unavailable absent forced disclosure of privileged communications.

- Courts have applied the "at issue" doctrine in situations where a client has asserted: "good faith belief" in the legality of the client's action or a government representation (In re Grand Jury Proceedings, No. M-11-188 (LAP), 2001 U.S. Dist. LEXIS 2425, at *58 (S.D.N.Y. Mar. 2, 2001); Jones v. Nationwide Ins. Co., No. 3:98-CV-2108, 2000 U.S. Dist. LEXIS 18823, at *7 (M.D. Pa. July 20, 2000)); reliance on a lawyer's advice (Jones v. Nationwide Ins. Co., No. 3:98-CV-2108, 2000 U.S. Dist. LEXIS 18823, at *7 (M.D. Pa. July 20, 2000)); reliance on fraudulent representations (Cooney v. Booth, 198 F.R.D. 62 (E.D. Pa. 2000)); lack of notice that relieves the party of the statute of limitations defense or acts as an estoppel that prevents the adversary from relying on the statute of limitations defense (Axler v. Scientific Ecology Group, Inc., 196 F.R.D. 210 (D. Mass. 2000)); absence of a condition precedent (Medical Waste Techs. L.L.C. v. Alexian Bros. Med. Ctr., No. 97 C 3805, 1998 U.S. Dist. LEXIS 10069, at *5-6 (N.D. Ill. June 24, 1998)); reliance on an agreement drafted by the party's lawyer (Mitzner v. Sobol, 136 F.R.D. 359, 361 (S.D.N.Y. 1991)); lack of notice that relieves the party of the statute of limitations defense or acts as an estoppel that prevents the adversary from relying on the statute of limitations defense (Peterson v. Fairfax Hosp., 37 Va. Cir. 535, 541-42 (Fairfax 1994) (holding that "where the plaintiffs rely on estoppel to combat a plea of statute of limitations, fairness requires that the attorney-client privilege be deemed waived" because "what counsel knows and when he knew it are issues dragged into the case by invoking the defense of estoppel"; explaining that because "[t]he defendants maintain that the plaintiffs were on inquiry notice of the possibility of fraudulent actions in the previous case more than two years before this action was filed . . . . [c]ounsel's knowledge, or lack thereof, is relevant, probative and discoverable")); a claim of "appropriate remedial action" by an institution in

response to the plaintiff's complaint (McGrath v. Nassau County Health Care Corp., 204 F.R.D. 240, 244-45, 246 n.2, 2001 U.S. Dist. LEXIS 15891 (district court's' decision) (E.D.N.Y. 2001)); argument that a law firm did not represent a client at a certain time (E.I. du Pont de Nemours & Co. v. Conoco, Inc., Civ. A. No. 17686, 2001 Del. Ch. LEXIS 99 (Del. Ch. Feb. 5, 2001)); an argument that it was compelled to participate in a foreign arbitration (which the court found "places their attorneys' opinions, advice and decision-making directly an issue"). Weizmann Institute of Science v. Neschis, 00 Civ. 7850 (RMB)(THK) & 01 Civ. 6993 (RMB)(THK), 2004 U.S. Dist. LEXIS 4254 (S.D.N.Y. Mar. 16, 2004).

- Courts take different positions on whether a litigant impliedly waives the attorney-client privilege covering communications with its lawyer when the litigant seeks recovery of its attorney's fees from the adversary. (Ideal Elec. Sec. Co. v. International Fid. Ins. Co., 129 F.3d 143, 151-152 (D.C. Cir. 1997); Pamida Inc. v. E.S. Originals, Inc., 199 F.R.D. 633, 635 (D. Minn. 2001); In re JMP Newcor Int'l, Inc., 204 B.R. 963, 965-66 (Bankr. N.D. Ill. 1997).

Other courts have criticized a broad "at issue" approach. Remington Arms Co. v. Liberty Mut. Ins. Co., 142 F.R.D. 408, 413 (D. Del. 1992).

Company lawyers should carefully advise any company representative (especially management) about the risk they run in relying upon, or even talking about, the fact of an investigation -- especially with the government or another third party outside the company.

6. Subject Matter Waiver

Most courts recognize what is called the "subject matter waiver doctrine," under which a waiver of some privileged information will require the company to reveal all privileged communications on the same subject matter.

The subject matter waiver concept comes from notions of fairness.

- For instance, if a litigant introduces into evidence certain privileged communications with a lawyer in order to advance the litigant's case, it would not be fair for the litigant to withhold the rest of communications with the lawyer on that subject.

- Similarly, a litigant pleading "advice of counsel" as a defense should not be able to resist discovery about the advice, what facts the client gave the lawyer before receiving the advice, etc.

a. Intentional Express Waiver

The subject matter waiver doctrine clearly applies in the case of intentional express waiver. In re Grand Jury Proceedings, 219 F.3d 175, 182 (2d Cir. 2000); Adler v. Wallace Computer Servs., Inc., 202 F.R.D. 666, 675 (N.D. Ga. 2001).

b. Implied Waiver

The same rules usually apply to implied waiver. United States v. Taghilou, No. 00-50400, 2001 U.S. App. LEXIS 3544, at *2-3 (9th Cir. Mar. 2, 2001) (unpublished opinion); D.O.T. Connectors v. J.B. Nottingham & Co., No. 4:99cv311-WS, 2001 U.S. Dist. LEXIS 739, at *2-3 (N.D. Fla. Jan. 22, 2001).

c. Extra-Judicial Disclosure (von Bulow Doctrine)

Some courts have looked for ways to avoid the harsh results of the subject matter waiver doctrine.

- In an approach articulated for the first time by the Second Circuit, some court distinguish between disclosure of privileged communication in a litigation context (which will cause a subject matter waiver) and what courts call "extra-judicial" settings (which will not cause a subject matter waiver). (McGrath v. Nassau County Health Care Corp., 204 F.R.D. 240, 245, 2001 U.S. Dist. LEXIS 15891 (E.D.N.Y. 2001).

- This is called the von Bulow doctrine because it originated with Alan Dershowitz's publication of a book about his representation of the criminal defendant von Bulow. In re von Bulow, 828 F.2d 94, 102 (2d Cir. 1987).

- The von Bulow doctrine is now spreading to other courts. Bowman v. Brush Wellman, Inc., No. 00 C 50264, 2001 U.S. Dist. LEXIS 14088, at *5-6 (N.D. Ill. Sept. 13, 2001).

d. Inadvertent Express Waiver

Some courts seem to take the subject matter waiver doctrine too far.

- While the subject matter waiver doctrine makes sense if a litigant expressly or impliedly relies on privileged communications to gain some advantage in litigation, it seems too harsh to take the same approach if a litigant instead inadvertently produces privileged documents during discovery.

- Yet some courts following this simplistic rule that "disclosure of some privileged communications requires the disclosure of other related

privileged communications" have blindly found subject matter waivers even in the case of an inadvertent production of privileged documents. Texaco Puerto Rico, Inc. v. Department of Consumer Affairs, 60 F.3d 867, 883-84 (1st Cir. 1995).

e. Scope of the Waiver

Surprisingly, very few courts have tried to define the scope of the subject matter waiver even when they find such a waiver. Muncy v. City of Dallas, Civ. A. No. 3:99-CV-2960-P, 2001 U.S. Dist. LEXIS 18675, at *14 (N.D. Tex. Nov. 13, 2001); D.O.T. Connectors v. J.B. Nottingham & Co., No. 4:99cv311-WS, 2001 U.S. Dist. LEXIS 739, at *2-3, 8 & n.3 (N.D. Fla. Jan. 22, 2001).

- Perhaps the most thoughtful analysis appeared several years ago. United States v. Skeddle, 989 F. Supp. 917, 919 (N.D. Oh. 1997) ("Among the factors which appear to be pertinent in determining whether disclosed and undisclosed communications relate to the same subject matter are: (1) the general nature of the lawyer's assignment; (2) the extent to which the lawyer's activities in fulfilling that assignment are undifferentiated and unitary or are distinct and severable; (3) the extent to which the disclosed and undisclosed communications share, or do not share, a common nexus with a distinct activity; (4) the circumstances in and purposes for which disclosure originally was made; (5) the circumstances in and purposes for which further disclosure is sought; (6) the risks to the interests protected by the privilege if further disclosure were to occur; and (7) the prejudice which might result if disclosure were not to occur. By applying these factors, and such other factors as may appear appropriate, a court may be able to comply with the mandate that it construe 'same subject matter' narrowly while accommodating fundamental fairness.").

Most cases addressing the scope of a subject matter waiver involve a patent infringement litigant relying on a patent lawyer's non-infringement opinion in seeking to avoid multiple damages.

- Every court holds that such an affirmative "advice of counsel" defense causes a subject matter waiver, but they disagree about its scope.

This situation generates very difficult subject matter waiver issues.

- Because patent infringement constitutes a continuing wrong, an infringer must stop selling the infringing product upon learning of the infringement -- even if the client learns from its trial lawyer on the morning of trial.
- On the other hand, it is easy to see the mischief caused by forcing a patent litigant relying on a non-infringement opinion to disclose all communication they had with any patent lawyer at any time.

Courts have taken differing positions on four basic questions.

- First, should the subject matter waiver extend to communications to and from: just the lawyer providing the opinion; all lawyers other than litigation counsel in the infringement litigation; or all lawyers (including litigation counsel)?
- Second, should the subject matter waiver extend as a temporal matter to: the date the product was put on the market; the date the infringement litigation began; or up through and including even the trial?
- Third, because infringement depends on the product seller's knowledge, should the subject matter waiver extend to opinions and other information the lawyer has never shared with the product seller client?
- Fourth, if the subject matter waiver extends to other lawyers and communications after the original opinion, should the waiver cover: all communications; or just communications that are inconsistent with the original non-infringement opinion upon which the litigant relies?

Various opinions have adopted nearly every combination and permutation on these issues.

- For instance, one court recently held that because "infringement is a continuing activity," "all opinions received by the client relating to infringement must be revealed, even if they come from defendants' trial attorneys, and even if they pre-date or post-date the advice letter of opinion counsel." Akeva L.L.C. v. Mizuno Corp., 243 F. Supp. 2d 418 (M.D.N.C. 2003).
- It is too early to tell whether this analysis will be affected by the federal Circuit's recent decision protecting clients from any adverse inference based on their reliance on the attorney-client privilege to shield a lawyer's patent opinion -- the federal Circuit raised the issue sua sponte and reversed its earlier approach to this issue. Knorr-Bremse v. Dana Corp., Nos. 01-1357 & -1376, 02-1221 & -1256, 2004 U.S. App. LEXIS 19185 (Fed. Cir. Sept. 13, 2004).

II. WORK PRODUCT DOCTRINE

A. Introduction

1. Courts' Confusion

Some courts mistakenly equate the attorney-client privilege and work product doctrine, occasionally using such terms as "attorney work-product privilege." United States v. One Tract of Real Property Together with All Buildings, Improvements, Appurtenances, and Fixtures, 95 F.3d 422, 428 (6th Cir. 1996).

- This is simply incorrect -- the attorney-client privilege and work product doctrine are fundamentally different concepts. Caremark, Inc. v. Affiliated Computer Servs., Inc., 195 F.R.D. 610, 613 (N.D. Ill. 2000).
- In fact, the four-word title "attorney work-product privilege" contain two incorrect words -- the work product doctrine covers more than attorneys, and is not a privilege.

2. Source of Work Product Protection

Interestingly, one state court essentially created its own work product doctrine in the 1940s, derived from attorney-client privilege principles. Robertson v. Commonwealth, 181 Va. 520, 25 S.E.2d 352 (1943).

- However, this common law development was soon trumped by a rule-based approach.

The United States Supreme Court adopted the federal formulation of the work product doctrine in 1970. Fed. R. Civ. P. 26(b)(3).

As indicated below, courts applying the work product doctrine exhibit surprising variation when interpreting a single sentence in the rules -- even more than courts analyzing the attorney-client privilege, although the privilege comes from organically-developed common law in each state.

3. Choice of Laws

State courts generally apply their own work product rule, finding the protection to be a procedural matter.

Work product issues in federal court rest on a federal rule, which applies in both diversity and federal question cases. S.D. Warren Co. v. Eastern Elec. Corp., 201 F.R.D. 280, 282 (D. Me. 2001).

4. Enormous Variation in Federal Courts' Approach

Ironically, there is a much greater variation among federal courts' approach to the work product doctrine than among states' approach to the attorney-client privilege -- even though all federal courts are simply applying the identical single sentence from the federal rules, while states are interpreting common law principles organically developed over hundreds of years.

Federal courts have taken dramatically differing positions on such issues as:

- Duration of the work product protection in later litigation.
- The degree of protection given to a lawyer's selection of documents or facts that arguably reflect the lawyer's opinion.
- The type of "anticipation" of litigation required -- ranging from requiring "imminent" litigation to protecting materials created "with an eye toward" possible future litigation.
- The degree of protection given to opinion work product (absolute or simply higher than that provided fact work product).

One recent case highlighted many of these debates, and cited federal court decisions on both sides of the issues. In re Grand Jury Subpoena, 2004 U.S. Dist. LEXIS 4108 (D. Mass. 2004).

5. Differences between the Work Product Doctrine and the Attorney-Client Privilege

Unlike the attorney-client privilege, the work product doctrine:

(1) Is relatively new.

(2) Has a fairly modest purpose. United States v. Frederick, 182 F.3d 496, 500 (7th Cir. 1999); Bowman v. Brush Wellman, Inc., No. 3:00CV341-H, 2001 U.S. Dist. LEXIS 14088, at *10 (N.D. Ill. Sept. 13, 2001).

(3) Is a creature of statute and rule.

(4) Applies to non-lawyers.

(5) Arises only at certain times.

(6) Only protects communications made "because of" litigation.

(7) May be asserted by the client or the lawyer.

(8) May not last forever

(9) May be overcome if the adversary really needs the information.

(10) Is not easily waived.

Thomas E. Spahn, Ten Differences Between the Work Product Doctrine and the Attorney-Client Privilege, 46 Va. Law. 45 (Oct. 1997).

In analyzing the work product doctrine (especially in comparison to the privilege), it is also worth remembering that the work product doctrine is not based on the intimacy of the attorney-client privilege, and is not based on confidentiality.

- For instance, the work product doctrine clearly protects pictures of accident scenes, measurements of skid marks, interviews with strangers, etc. -- none of which are intrinsically confidential.

The work product doctrine is both narrower and broader than the attorney-client privilege.

- It is narrower because: the work product doctrine only applies at certain times (during or in anticipation of litigation); and is not actually a privilege, but rather a qualified immunity that can be overcome under certain circumstances.
- It is broader because: anyone can create work product (without a lawyer's involvement); and work product can be shared more easily with third parties without causing a waiver of its protection.

Lawyers and their clients considering both the attorney-client privilege and the work product doctrine should remember that both, either or none may apply in certain circumstances.

- For instance, communications between lawyers and their clients occurring when no one anticipates litigation can never be work product, but may deserve privilege protection.
- Materials reflecting lawyers' communications with those other than clients (or the lawyers' own agents) can rarely if ever be privileged, but may well be work product -- such as notes of a witness interview.
- Litigation-related communications between clients and lawyers may well deserve both protections.

6. Reasons to Assert Both Protections

Lawyers seeking maximum protection for their clients' communications should always examine both possible protections.

- In one concrete example, Martha Stewart was found to have waived the attorney-client privilege covering one of her e-mails by sharing the e-mail with her daughter, but was found not to have waived the work product protection -- Stewart could not have resisted discovery if she had relied only on the privilege and not also asserted the work product protection. United States v. Stewart 287 F. Supp. 2d 461 (S.D.N.Y. 2003).

However, litigants should not blindly seek both protections.

- For instance, companies should assess whether it would reflect poorly on their motivation if they claim to have anticipated litigation at certain times (for instance, at the beginning of contract negotiations).

B. Participants

1. Who Can Create Work Product

On its face, the work product doctrine allows clients or any of their agents to prepare work product. In re Ford Motor Co., 110 F.3d 954, 967 (3d Cir. 1997); S.D. Warren Co. v. Eastern Elec. Corp., 201 F.R.D. 280 (D. Me. 2001).

- Some courts inexplicably continue to insist that lawyers be involved in preparation of materials before they may deserve work product protection. Heavin v. Owens-Corning Fiberglass, No. 02-2572-KHV-DJW, 2004 U.S. Dist. LEXIS 2265 (D. Kan. Feb. 3, 2004) (applying the Federal Rules, but inexplicably citing a Kansas state case in refusing to extend work product protection to documents "which are not prepared under the supervision of an attorney in preparation for trial"); In re Grand Jury Proceedings, No. M-11-189, 2001 U.S. Dist. LEXIS 15646, at *67 (S.D.N.Y. Oct. 3, 2001).

2. Benefits of a Lawyer's Involvement

Although the work product doctrine can protect materials created without a lawyer's involvement, it is usually wise to have a lawyer involved.

- There are several reasons: some courts do not understand the doctrine and look for a lawyer's involvement; having a lawyer involved might also support an attorney-client privilege claim; a lawyer's role might rebut an adversary's argument that the documents were created in the "ordinary course of business" and therefore undeserving of work product protection; a lawyer's involvement may help establish anticipation of litigation; a lawyer's opinion deserves greater protection than mere fact work product.

3. Agents, Consultants and Experts

a. General Rules

As explained above, even non-lawyers can create protected work product.

- Therefore, either the client's or the lawyer's agents should be entitled to work product protection for materials that the agent prepares.

b. Non-Testifying Experts

Specially-employed litigation-related non-testifying experts hold a unique position in connection with the normally liberal rules of discovery. Fed. R. Civ. P. 26(b)(4)(B).

- Ludwig v. Pilkington North America, Inc., No. 03 C 1086, 2003 U.S. Dist. LEXIS 17789 (N.D. Ill. Sep. 30, 2003) ("non-testifying expert information is entirely exempt from discovery not on the basis of privilege but, rather, on the basis of unfairness;" holding that documents withheld under this rule do not have to be included on any privilege log).

- Some courts frankly admit that litigants can manipulate this rule to avoid discovery of harmful evidence. Crouse Cartage Co. v. National Warehouse Investment Co., No. IP 02-071 C T/K, 2003 U.S. Dist. LEXIS 478, at *6-7 (S.D. Ind. Jan. 13, 2003) (holding that a party could rely on the rule governing discovery of non-testifying experts to withhold materials prepared by a real estate appraiser, noting that the "key inquiry" is "whether the consultation took place in anticipation of litigation;" acknowledging that "[t]he underlying rule of nondisclosure invites shopping for favorable expert witnesses and facilitates the concealment of negative test results.").

Fed. R. Civ. P. 26(b)(4)(B) specifically restricts discovery of such non-testifying experts to situations of "exceptional circumstances."

- Such "exceptional circumstances" can include: work by a non-testifying expert that has destroyed an important bit of evidence, or a situation in which the evidence has deteriorated or is no longer available for inspection by the adversary's expert. Disidore v. Mail Contractors of America, Inc., 196 F.R.D. 410, 417 (D. Kan. 2000); Lefcourt v. United States, 125 F.3d 79, 86-87 (2d Cir. 1997); Flannigan v. Cudzik, No. 00-0307 SECTION: "K" (4), 2000 U.S. Dist. LEXIS 18788, at *2 (E.D. La. Dec. 18, 2000).

- Given the general immunity of such non-testifying experts to normal privilege log requirements, it is difficult to imagine how an adversary would know anything about such an expert's involvement (unless a witness saw the non-testifying expert performing some test, and was asked about the incident during discovery).

c. Testifying Experts

Most courts hold that the work product doctrine does not cover materials created by a testifying expert.

- Most courts require testifying experts to produce their draft reports. W.R. Grace & Co. v. Zotos Int'l, Inc., No. 98-CV-838S(F), 2000 U.S. Dist. LEXIS 18096, at *30 (W.D.N.Y. Nov. 2, 2000); but see Smith v. Transducer Tech., Inc., Civ. No. 1995-28, 2000 U.S. Dist. LEXIS 17212, at *7-8 (D.V.I. Nov. 2, 2000).

Most decisions regarding discovery of testifying experts does not involve materials created by the expert, but rather opinion work product disclosed to the testifying expert.

- These issues are discussed below, in connection with the waiver doctrine.

d. Experts with Changing Roles

Experts who change from non-testifying to testifying experts (or vice versa) can present a complicated analysis.

Courts have debated whether testifying experts must produce documents they created or received in an earlier role as a non-testifying expert.

- Some courts hold that experts cannot "compartmentalize" their work, and that experts designated as trial witnesses cannot protect documents created or received in connection with their parallel work as non-testifying experts. In re Painted Aluminum Prods. Antitrust Litig., No. 95CV6557, 1996 WL 397472 (E.D. Pa. July 9, 1996).

- Other courts allow the same person to be a non-testifying expert in one case and a testifying expert in another, thereby limiting discovery to the latter. Moore U.S.A. Inc. v. Standard Register Co., 206 F.R.D. 72 (W.D.N.Y. 2001).

Courts also disagree about discovery of testifying experts who move in the other direction (having been removed from the witness list by the litigant who retained them).

- FMC Corp. v. Vendo Co., 196 F. Supp. 2d 1023 (E.D. Cal. 2002) (noting the debate among courts on this issue, and ultimately concluding that such non-testifying experts enjoy immunity under the "exceptional circumstances" standard).

4. Who Can Assert the Work Product Doctrine

Most courts hold that both clients and lawyers can assert the work product protection. In re Grand Jury Proceedings, 43 F.3d 966, 972 (5th Cir. 1994); In re Grand Jury Proceedings, Thursday Special Grand Jury, Sept. Term, 33 F.3d 342, 348 (4th Cir. 1994).

Most courts hold that the Garner rule and fiduciary exception (discussed above) do not cover work product prepared by the corporation's lawyer. Cox v. Administrator United States Steel & Carnegie, 17 F.3d 1386, 1423 (11th Cir. 1994), cert. denied, 513 U.S. 1110 (1995); Strougo v. BEA Assocs., 199 F.R.D. 515 (S.D.N.Y. 2001). But see Hudson v. General Dynamics Corp., 186 F.R.D. 271, 274 (D. Conn. 1999).

Most courts find that work product can be freely shared under a common interest arrangement. United States ex rel. Burroughs v. DeNardi Corp., 167 F.R.D. 680, 685-86 (S.D. Cal. 1996).

- One court has found that a common interest agreement itself deserves work product protection. McNally Tunneling Corp. v. City of Evanston, No. 00 C 6979, 2001 U.S. Dist. LEXIS 17164, at *12 (N.D. Ill. Oct. 16, 2001).

Non-parties to litigation generally cannot claim work product protection because someone else anticipated litigation. Kline v. Gulf Ins. Co., No. 1:01-CV-213, 2001 U.S. Dist. LEXIS 20603, at *5 (W.D. Mich. Nov. 26, 2001).

Courts disagree about the duration of the work product protection.

- Some courts protect work product only until the end of the litigation for which it was created. AAMCO Transmissions, Inc. v. Marino, No. 88-5522, 1991 WL 193502, at *3 (E.D. Pa. Sept. 24, 1991).

- Some courts apply the work product doctrine protection to material in a later litigation, as long as it is related to the litigation in which the work product was prepared. Simmons Foods, Inc. v. Willis, 196 F.R.D. 610 (D. Kan. 2000).

- Some courts apply the work product protection even in later unrelated litigation. Cincinnati Ins. Co. v. Zurich Ins. Co., 198 F.R.D. 81 (W.D.N.C. 2000).

C. Properly Creating the Work Product Protection -- Timing and Motivation

1. Temporal Requirement

The work product doctrine has both a temporal and a motivational component.

a. Difference Between the Privilege and the Work Product Doctrine

Although the attorney-client privilege can protect communications between a lawyer and client at any time, the work product doctrine only protects materials created at certain times -- in connection with, or in "anticipation" of, litigation. Restatement (Third) of Law Governing Lawyers § 87 cmt. d at 640 (1998).

b. "Litigation" Requirement

Most courts hold that government investigations do not amount themselves to "litigation," but that an investigation can result in a reasonable anticipation of litigation. United States v. Ackert, 76 F. Supp. 2d 222, 227 (D. Conn. 1999).

c. Subjective and Objective Components

Most courts indicate that the "anticipation" requirement has both a subjective and objective component.

- Somewhat ironically, it might be reasonable for a party to anticipate litigation even though it never comes, and it might be unreasonable to anticipate litigation even though it ultimately occurs. Restatement (Third) of Law Governing Lawyers § 87 cmt. i at 642 (1998); Binks Mfg. Co. v. National Presto Indus., Inc., 709 F.2d 1109, 1118, 1120 (7th Cir. 1983).

d. Need for Specific Claim

Courts debate whether a party asserting the work product protection must identify a specific claim in anticipation of which the party prepared the work product.

- Some courts require identification of a specific claim. In re Grand Jury Proceedings, No. M-11-189, 2001 U.S. Dist. LEXIS 15646, at *55 (S.D.N.Y. Oct. 3, 2001); Schmidt, Long & Assocs., Inc. v. Aetna U.S. Healthcare, Inc., Civ. A. No. 00-CV-3683, 2001 U.S. Dist. LEXIS 7145, at *13 (E.D. Pa. May 31, 2001); Novartis Pharms. Corp. v. Abbott Labs., 203 F.R.D. 159, 163 (D. Del. 2001).
- Other courts are more liberal, and do not require a party to identify a specific claim. Judicial Watch, Inc. v. Reno, 154 F. Supp. 2d 17, 18 (D.D.C. 2001).

e. Degree of Anticipation Required

Courts apply widely varying views of what exactly must be "anticipated" to trigger the work product protection -- varying from the possibility of litigation being "real and imminent" (McCoo v. Denny's Inc., 192 F.R.D. 675, 683 (D. Kan. 2000)) to there being "some possibility of litigation." In re Grand Jury Investigation, 599 F.2d 1224, 1229 (3d Cir. 1979).

Assessing the "anticipation of litigation" requirement can be very complicated.

- For instance, one court held that a company's reasonable anticipation of government litigation against it dissipated after the lapse of eight months. In re Grand Jury Proceedings, No. M-11-189, 2001 U.S. Dist. LEXIS 15646, at *59 (S.D.N.Y. Oct. 3, 2001).

f. "Trigger Events"

Courts have pointed to certain "triggering events" as justifying a reasonable anticipation of litigation:

- Examples include: plaintiff's consultation with a lawyer (Wikel v. Wal-Mart Stores, Inc., 197 F.R.D. 493 (N.D. Okla. 2000)); plaintiff's retention of a lawyer (In re Weeks Marine, Inc., 31 S.W.3d 389, 391 (Tex. App. 2000)); defendant's receipt of correspondence from plaintiff's lawyer (McNulty v. Bally's Park Place, Inc., 120 F.R.D. 27, 29 (E.D. Pa. 1988)); defendant's retention of a lawyer (Gulf Ins. Co. v. Alliance Steel LLC, No. 00 Civ. 2611 (RO), 2001 U.S. Dist. LEXIS 992, at *4 (S.D.N.Y. Feb. 6, 2001), but see Connecticut Indem. Co. v. Carrier Haulers, Inc., 197 F.R.D. 564, 571 (W.D.N.C. 2000)); IRS audit (United States v. Ackert, 76 F. Supp. 2d 222, 227 (D. Conn. 1999)); IRS notice disputing a taxpayer's valuation (Bernardo v. Commissioner, 104 T.C. 677, 688 (1995)); filing of a charge with the EEOC (Miller v. Federal Express Corp., 186 F.R.D. 376, 387-88 (W.D. Tenn. 1999)); filing of OSHA charge (Herman v. Crescent Publ'g Group, No. 00 Civ. 1665 (SAS), 2000 U.S. Dist. LEXIS 13738, at *13-14 (S.D.N.Y. Sept. 21, 2000)); receipt of anonymous employee complaints about a hostile atmosphere (McPeek v. Ashcroft, 202 F.R.D. 332, 338 (D.D.C. 2001)); press articles (Wsol v. Fiduciary Mgmt. Assocs., Inc., No. 99 C 1719, 1999 U.S. Dist. LEXIS 19002, at *6, 1999 WL 1129100, at *2 (N.D. Ill. Dec. 7, 1999)); issuance of a federal grand jury subpoena (Wsol v. Fiduciary Mgmt. Assocs., Inc., No. 99 C 1719, 1999 U.S. Dist. LEXIS 19002, at *6, 1999 WL 1129100, at *2 (N.D. Ill. Dec. 7, 1999)); receipt of a

letter from another party that took a "litigious tone" (Caremark, Inc. v. Affiliated Computer Servs., Inc., 195 F.R.D. 610, 617-18 (N.D. Ill. 2000)); litigation in foreign countries (SmithKline Beecham Corp. v. Apotex Corp., 98 C 3952, 2000 U.S. Dist. LEXIS 13606, at *12 (N.D. Ill. Sept. 12, 2000)); plaintiff's statement of an intent to retain a lawyer (Wikel v. Wal-Mart Stores, Inc., 197 F.R.D. 493 (N.D. Okla. 2000)); involvement of a corporation's in-house law department in directing and controlling an accident investigation (Federal Express Corp. v. Cantway, 778 So. 2d 1052 (Fla. Dist. Ct. App. 2001)); other litigation against the same defendant (United States v. Gericare Med. Supply, Inc., No. 99-0366-CB-L, 2000 U.S. Dist. LEXIS 19662, at *10 (S.D. Ala. Dec. 11, 2000)); a wrongdoer's guilty plea to a criminal charge and implication of others (United States v. Gericare Med. Supply, Inc., No. 99-0366-CB-L, 2000 U.S. Dist. LEXIS 19662, at *10 (S.D. Ala. Dec. 11, 2000)); a letter from an experienced Title VII law firm alleging a violation of the Civil Rights Act and threatening an administrative complaint with the EEO (McPeek v. Ashcroft, 202 F.R.D. 332, 339 (D.D.C. 2001)); a university's termination of an employee (Long v. Anderson Univ., 204 F.R.D. 129, 137-38 (S.D. Ind. 2001)); a company's retention of a consultant laboratory to assist in vigorously enforcing its patents (Moore U.S.A. Inc. v. Standard Register Co., 206 F.R.D. 72, 75 (W.D.N.Y. 2001)); receipt of a subpoena from a government agency. In re Grand Jury Proceedings, No. M-11-189, 2001 U.S. Dist. LEXIS 15646, at *61 (S.D.N.Y. Oct. 3, 2001).

g. Insurance Context

Most courts hold that in the "first party" insurance context, insurance companies cannot reasonably anticipate litigation with their insureds in every case -- at least until something triggers such a reasonable anticipation. Stampley v. State Farm Fire & Cas. Co., No. 00-1540, 2001 U.S. App. LEXIS 25510, at *6, 8-9 (6th Cir. Nov. 20, 2001).

- Courts are more generous in the third party insurance context. Urban Outfitters, Inc. v. DPIC Cos., 203 F.R.D. 376, 379-380 (N.D. Ill. 2001).

- Courts take differing approaches as to when an insurance company can reasonably anticipate bad faith claim litigation by an insured or a third party. Kidwiler v. Progressive Paloverde Ins. Co., 192 F.R.D. 536, 540 n.19 (N.D.W. Va. 2000).

2. Motivational Requirement

To deserve work product protection, a document must not only have been created at a time when the preparer anticipated litigation, the document must have been prepared because of the litigation. In re Grand Jury Proceedings, No. M-11-189, 2001 U.S. Dist. LEXIS 15646, at *49 (S.D.N.Y. Oct. 3, 2001).

- Many lawyers fail to recognize the significance of this motivational requirement. Long v. Anderson Univ., 204 F.R.D. 129, 137-38 (S.D. Ind. 2001).

a. Documents Created Pursuant to an External or Internal Requirement

The work product doctrine generally does not extend to documents prepared pursuant to some law, regulation or internal procedure regardless of whether litigation is anticipated or not. Amway Corp. v. P & G Co., No. 1:98-CV-726, 2001 U.S. Dist. LEXIS 4561, at *18 (W.D. Mich. Apr. 3, 2001).

b. Documents Created in the "Ordinary Course of Business"

Documents created in the "ordinary course of business" do not deserve work product protection. Energy Capital Corp. v. United States, 45 Fed. Cl. 481, 485 (Fed. Cl. 2000); Goosman v. A. Duie Pyle, Inc., 320 F.2d 45, 52 (4th Cir. 1963).

- The following type of documents have been found to be created in the "ordinary course of business" and thus undeserving of work product protection: committee minutes (United States v. South Chicago Bank, No. 97 CR 849-1, 2, 1998 U.S. Dist. LEXIS 17445, at *23 (N.D. Ill. Oct. 16, 1998)); police reports; (Collins v. Mullins, 170 F.R.D. 132, 135 (W.D. Va. 1996); Darnell v. McMurray, 141 F.R.D. 433, 435 (W.D. Va. 1992)); insurance investigation reports (St. Paul Reinsurance Co. v. Commercial Fin. Corp., 197 F.R.D. 620 (N.D. Iowa 2000)); accident reports (Wikel v. Wal-Mart Stores, Inc., 197 F.R.D. 493, 495 (N.D. Okla. 2000)); computer databases (Colorado ex rel. Woodard v. Schmidt-Tiago Constr. Co., 108 F.R.D. 731, 734 (D. Colo. 1986)); other investigative reports (United States v. Ernstoff, 183 F.R.D. 148, 156 (D.N.J. 1998)); claims statistics (In re Bairnco Corp. Sec. Litig., 148 F.R.D. 91, 103 (S.D.N.Y. 1993)); witness statements taken by insurance adjusters (Holton v. S&W Marine, Inc., No. 00-1427 SECTION "L" (5), 2000 U.S. Dist. LEXIS 16604, at *8 (E.D. La. Nov. 9, 2000); Pfender v. Torres, 765 A.2d 208 (N.J. Super Ct. App. Div. 2001)); practically any document created by a tobacco company which is litigating in Kansas Federal Court, which takes the bizarre approach that tobacco companies are actually in the "business of litigation." Burton v. R.J. Reynolds Tobacco Co., 200 F.R.D. 661, 676 (D. Kan. 2001).

Significantly, many courts apply this "ordinary course of business" standard regardless of a lawyer's involvement.

- Even materials generated during a lawyer-supervised corporate investigation will not deserve work product protection if the investigation

would have been conducted in the "ordinary course of business." Guardsmark, Inc. v. Blue Cross & Blue Shield, 206 F.R.D. 202, 210 (W.D. Tenn. 2002); Poseidon Oil Pipeline Co. v. Transocean Sedco Forex, Inc., Civ. A. No. 00-76 c/w 00-2154 SECTION "T"(2), 2001 U.S. Dist. LEXIS 18553, at *19 (E.D. La. Oct. 30, 2001); Welland v. Trainer, No. 00 Civ. 0738 (JSM), 2001 U.S. Dist. LEXIS 15556, at *6 (S.D.N.Y. Sept. 28, 2001).

c. Other Documents Not Motivated by Litigation

Even if materials were not created in the "ordinary course" of a company's business, they will not deserve work product protection unless they were motivated by the litigation. Seibu Corp. v. KPMG LLP, No. 3-00-CV-1139-X, 2002 U.S. Dist. LEXIS 906, at *11 (N.D. Tex. Jan. 18, 2002).

d. Types of Documents Protected by the Work Product Doctrine

Courts have debated what types of materials deserve work product protection.

- Some courts only protect documents primarily "concerned with legal assistance" (Trustmark Ins. Co. v. General & Cologne Life Re of Am., Case No. 00 C 1926, 2000 U.S. Dist. LEXIS 18917, at *10 (N.D. Ill. Dec. 19, 2000)); or for use in mapping litigation strategy or other purposes relating to the lawsuit itself. Amway Corp. v. P & G Co., No. 1:98cv 726, 2001 U.S. Dist. LEXIS 4561, at *26-27 (W.D. Mich. Apr. 3, 2001).

- Other courts (such as those in the Second Circuit) are more liberal, and protect documents "intended to assist in the making of a business decision influenced by the likely outcome of the anticipated litigation." United States v. Adlman, 134 F.3d 1194, 1195 (2d Cir. 1998); National Congress for Puerto Rican Rights v. City of New York, 194 F.R.D. 105, 108 (S.D.N.Y. 2000); McGrath v. Nassau County Healtlh Care Corp., 204 F.R.D. 240, 244, 2001 U.S. Dist. LEXIS 19817 (E.D.N.Y. 2001).

- If a document was prepared for both litigation and non-litigation reasons, most courts look at the "primary purpose" of the document in determining whether it deserve work product protection. Admiral Ins. Co. v. R.A. Jakelis & Co., Nos. 99-2270, 99-2676, 99-3281, 00-1485 Section A(1), 2000 U.S. Dist. LEXIS 14151, at *18 (E.D. La. Sept. 21, 2000).

3. Deceptive Conduct

Some courts find that work product materials prepared through some client or lawyer wrongdoing (such as wiretapping) are not entitled to work product protection. Anderson v. Hale, No. 00 C 2021, 2001 U.S. Dist. LEXIS 4994, at *29 (N.D. Ill. Apr. 20, 2001).

- In assessing a lawyer's conduct, some courts and bars have permitted lawyers and those working under their direction to engage in deceptive conduct that is justifiably deemed to have socially worthwhile purpose – such as housing discrimination tests. Arizona LEO 99-11 (Sept. 1999).

- Some courts have taken an even more expansive approach, and permitted lawyers to direct their subordinates to engage in knowingly deceptive conduct that seems to have a purely commercial purpose -- as long as the deception is not too gross. Gidatex, S.r.L. v. Campaniello Imports, Ltd., 82 F. Supp. 2d 119 (S.D.N.Y. 1999); Apple Corps Ltd. v. International Collectors Soc'y, 15 F. Supp. 2d 456 (D.N.J. 1998).

D. Substance of Work Product -- Fact and Opinion

1. Scope of the Protection

Although the work product doctrine on its face applies only to "documents and tangible things" (Fed. R. Civ. P. 26(b)(3)), most courts apply the protection to non-tangible information such as deposition testimony. In re Lorazepam v. Clorazepate Antitrust Litig., MDL Dkt. No. 1290, Misc. No. 99-276 (TFH/JMF), 2001 U.S. Dist. LEXIS 11794, at *14 (D.D.C. July 16, 2001).

Unlike the attorney-client privilege, work product comes in two forms -- fact and opinion.

- Because opinion work product receives dramatically higher protection than fact work product, litigants often fight about the proper characterization.

2. Fact Work Product

Fact work product includes "tangible materials and intangible equivalents prepared, collected, or assembled by a lawyer. Tangible materials include documents, photographs, diagrams, sketches, questionnaires and surveys, financial and economic analyses, hand written notes, and material in electronic and other technologically advanced forms, such as stenographic, mechanical, or electronic recordings or transmissions, computer data bases, tapes, and printouts." Restatement (Third) of Law Governing Lawyers § 87 cmt. f at 640 (1998).

- The following materials can receive fact work product protection: statements obtained from witnesses (Horning-Keating v. State, 777 So. 2d 438, 443 (Fla. Dist. Ct. App. 2001)); recordings of witness interviews (Jones v. Ada S. McKinley Cmty. Servs., No. 89 C 0319, 1969 U.S. Dist. LEXIS 14312, at *7 (N.D. Ill. Nov. 28, 1989)); lawyers' notes taken during witness interviews (Herman v. Crescent Publ'g Group, No. 00 Civ. 1665 (SAS), 2000 U.S. Dist. LEXIS 13738, at *16 (S.D.N.Y. Sept. 21, 2000)); investigation reports (Herman v. Crescent Publ'g Group, No. 00 Civ. 1665 (SAS), 2000 U.S. Dist. LEXIS 13738, at *22 (S.D.N.Y. Sept. 21, 2000)); surveillance tapes (Bradley v. Wal-Mart Stores, Inc. 196 F.R.D. 557 (E.D. Mo. 2000)); the details of and results of laboratory tests (Novartis Pharmas. Corp. v. Abbott Labs., 203 F.R.D. 159, 163 (D. Del. 2001); Moore U.S.A. Inc. v. Standard Register Co., 206 F.R.D. 72, 76 (W.D.N.Y. 2001)); material generated during a law firm's investigation (Abramian v. President & Fellows of Harvard Coll., No. 93-5968-C, 2001 Mass. Super. LEXIS 598 (Middlesex Super. Ct. Nov. 29, 2001)); computer databases of information. Cornelius v. CONRAIL, 169 F.R.D. 250, 253, 251 (N.D.N.Y. 1996); Maloney v. Sisters of Charity Hosp., 165 F.R.D. 26, 30 (W.D.N.Y. 1995); Shipes v. BIC Corp., 154 F.R.D. 301, 309 (M.D. Ga. 1994); Indiana Coal Council v. Hodel, 118 F.R.D. 264, 268 (D.D.C. 1988); Indiana State Bd. of Public Welfare v. Tioga Pines Living Ctr., Inc., 592 N.E.2d 1274, 1275, 1277-78 (Ind. Ct. App. 1992). But see Colorado ex rel. Woodard v. Schmidt-Tiago Constr. Co., 108 F.R.D. 731, 734 (D. Colo. 1986).

Background information about the creation of work product generally will not itself deserve protection. Amway Corp. v. P & G Co., No. 1:98-CV-726, 2001 U.S. Dist. LEXIS 2281, at *16 (W.D. Mich. Feb. 23, 2001).

The work product doctrine generally does not protect from disclosure underlying historical facts. White v. Kenneth Warren & Son, Ltd., 203 F.R.D. 369, 373 (N.D. Ill. 2001).

3. Opinion Work Product

a. General Rule

Opinion work product includes the impressions or opinions of a lawyer or other client representative.

- Opinion work product communicated to a client might also deserve attorney-client privilege protection, and it usually is worth asserting both protections -- the attorney-client privilege can provide absolute assurance of confidentiality, but the work product doctrine protection is less susceptible to waiver and therefore may survive the sharing of information with third parties (discussed below).

- Examples of opinion work product include: a lawyer's memoranda reflecting legal strategy or analysis (Restatement (Third) of Law Governing Lawyers § 89 cmt. b at 656 (1998); Baker v. General Motors Corp., 209 F.3d 1051, 1054 (8th Cir. 2000)); draft settlement agreements (N.V. Organon v. Elan Pharms., Inc., No. 99 Civ. 11674 (JGK)(RLE), 2000 U.S. Dist. LEXIS 15394, at *5, 6 (S.D.N.Y. Oct. 20, 2000)); details of and results of laboratory tests (SmithKline Beecham Corp. v. Pentech Pharms., Inc., No. 00 C 2855, 2001 U.S. Dist. LEXIS 18281, at *14-15 (N.D. Ill. Nov. 5, 2001)); draft materials prepared in anticipation of litigation or for trial. SmithKline Beecham Corp. v. Pentech Pharms., Inc., No. 00 C 2855, 2001 U.S. Dist. LEXIS 18281, at *14 (N.D. Ill. Nov. 5, 2001).

b. Recurring Issues Involving Opinion Work Product

Courts have debated the applicability of the opinion work product to several recurring situations.

First, some courts hold that every lawyer-prepared summary of a witness interview (or similar document) deserves opinion work product protection, because it necessarily reveals the lawyer's thought process (about what to ask the witness, what to write down, etc.). Surles v. Air France, No. 88 Civ. 5004 (RMB)(FM), 2001 U.S. Dist. LEXIS 10048, at *18 (S.D.N.Y. July 17, 2001); St. Paul Reinsurace Co. v. Commercial Fin. Corp., 197 F.R.D. 620 (N.D. Iowa 2000).

- Other courts are not as generous. Alexander v. FBI, 198 F.R.D. 306 (D.D.C. 2000); Nationwide Ins. Co. v. Aldershoff, C.A. No. 00C-11-048-JRS & 00C-12-137-JRS, 2001 Del. Super. LEXIS 420, at *3 (Del. Super. Ct. Sept. 10, 2001); Casella v. Hugh O'Kane Elec. Co., No. 00 Civ. 2481 (LAK), 2000 U.S. Dist. LEXIS 16001, at *2-3 (S.D.N.Y. Nov. 2, 2000).

- Of course, as explained above, every court recognizes that some portions of such a document could deserve opinion work product protection (if they explicitly articulate the lawyer's opinion).

Second, some courts hold that the opinion work product protects the identity of the witnesses the litigant has interviewed (out of the universe of witnesses who might possess pertinent knowledge). Electronic Data Systems Corp. v. Steingraber, No. 4:02 CV 255, 2003 U.S. Dist. LEXIS 11816 (E.D. Tex. June 27, 2003) ("revealing the identity of witnesses interviewed would permit opposing counsel to infer which witnesses counsel considers important, thus revealing mental impressions and trial strategy"); McIntyre v. Main St. & Main Inc., No. C-99-5328 MJJ (EDL), 2000 U.S. Dist. LEXIS 19617, at *7 (N.D. Cal. Sept. 29, 2000).

- Other courts are not as generous. Long v. Anderson Univ., 204 F.R.D. 129, 138 (S.D. Ind. 2001).

Third, most courts hold that the opinion work product doctrine does not cover factual information obtained by a lawyer from third parties. McCoo v. Denny's Inc., 192 F.R.D. 675, 695 (D. Kan. 2000).

- This principle generally applies to document collections obtained by a litigant from a trial advocacy group such as the ATLA. Miller v. Ford Motor Co., 184 F.R.D. 581, 583 (S.D.W. Va. 1999); Hendrick v. Avis Rent A Car Sys., Inc., 916 F. Supp. 256, 259, 260 (W.D.N.Y. 1996); Bartley v. Isuzu, 158 F.R.D 165, 167 (D. Colo. 1994); Shipes v. BIC Corp., 154 F.R.D. 301 (M.D. Ga. 1994); Bohannon v. Honda Motor Co., 127 F.R.D. 536, 539-40 (D. Kan. 1989).

- The opinion work product doctrine should protect a lawyer's compilation of documents or facts from a third party, if the compilation would reveal the lawyer's opinion (for instance, the opinion work product should protect the identity of a small number of documents that a lawyer has selected from a larger collection made available by a third party -- as long as the adversary can review the third party's documents itself).

Fourth, most courts do not give opinion work product protection to a litigant's compilation of facts or documents supporting the party's position. Director Dividends, Inc. v. SBC Communications, Inc., No. 01-CV-1974, 2003 U.S. Dist. LEXIS 24296 (E.D. Pa. Dec. 31, 2003); Methode Elecs., Inc. v. Finisar Corp., 205 F.R.D. 552 (N.D. Cal. 2001); Axler v. Scientific Ecology Group, Inc., 196 F.R.D. 210, 212 (D. Mass. 2000).

- Thus, most courts do not allow a litigant to claim opinion work product in response to contention interrogatories. Carver v. Velodyne Acoustics, Inc., 202 F.R.D. 273, 274 (W.D. Wash. 2001); Primetime 24 Joint Venture v. Echostar Communications Corp., 98 Civ. 6738 (RMB) (MHD), 2000 U.S. Dist. LEXIS, at *9-10 (S.D.N.Y. Jan. 27, 2000).

- As explained below (in the discussion of "Waiver") litigants cannot refuse to comply with pretrial requirements that they identify trial exhibits, trial witnesses, etc.

c. Lawyers' Compilation of Information or Documents as Opinion Work Product (the Sporck Doctrine)

Most courts recognize that a lawyer's (or other client agent's) compilation of specific information out of a larger universe of information deserves opinion work product protection -- because the selection process reflects opinions or impressions.

- This approach is called the Sporck doctrine, based on the first case that articulated this type of opinion work product protection. Sporck v. Peil, 759 F.2d 312, 316 (3d Cir. 1985).

Courts have addressed this type of opinion work product protection in a number of settings.

First, starting with Sporck itself, some courts protect the identity of specific documents that a lawyer has asked a deponent to review before testimony.

- Other courts are not as generous. Pepsi-Cola Bottling Co. of Pittsburg, Inc. v. PEPSICO, Inc., Civ. A. No. 01-2009-KHV, 2001 U.S. Dist. LEXIS 19935, at *5-8 (D. Kan. Nov. 8, 2001).

Second, some courts apply this concept to computer databases representing a specific range of information compiled from a larger collection of data. Shipes v. BIC Corp., 154 F.R.D. 301, 309 (M.D. Ga. 1994); Santiago v. Miles, 121 F.R.D. 636, 638 (W.D.N.Y. 1988); Indiana State Bd. of Public Welfare v. Tioga Pines Living Ctr., Inc., 592 N.E.2d 1274, 1275, 1277-78 (Ind. Ct. App. 1992); In re Bloomfield Mfg. Co., 977 S.W.2d 389, 392 (Tex. App. 1998).

- If a database contains generic information that does not reflect a studied opinion of the data, it generally will not deserve such protection. In re Chrysler Motors Corp. Overnight Evaluation Program Litig., 860 F.2d 844, 846 (8th Cir. 1988); Portis v. City of Chicago, No. 02 C 3139, 2004 U.S. Dist. LEXIS 12640 (N.D. Ill. July 6, 2004); Hines v. Widnall, 183 F.R.D. 596, 601 (N.D. Fla. 1998); Washington Bancorporation v. Said, 145 F.R.D. 274, 276, 277, 278-79 (D.D.C. 1992); Fauteck v. Montgomery Ward & Co., 91 F.R.D. 393, 399 (N.D. Ill. 1980).

Third, some courts apply the work product doctrine to a lawyer's selection of other documents during litigation preparation. Rhone-Poulenc Rorer, Inc. v. Home Indem. Co., No. CIV.A.88-9752, 1991 WL 211223, at *8 (E.D. Pa. Oct. 9, 1991) (holding that a lawyer's selection of certain public documents represented work product because picking those documents that "would best aid in preparing and proving the case" reflected the lawyer's "thoughts and opinions"); Jaroslawicz v. Engelhard Corp., 115 F.R.D. 515, 517 (D.N.J. 1987) (protecting as opinion work product the "selection and compilation of documents by counsel in preparation for discovery or in anticipation of litigation").

- Other courts are not as generous. In re Grand Jury Subpoenas, No. M 11 189, 2002 U.S. Dist. LEXIS 17079 (S.D.N.Y. Sept. 11, 2002) (explaining that the Second Circuit has acknowledged the Sporck rule, but never applied it; finding that the work product doctrine did not protect pre-existing documents collected by Akin Gump in anticipation of criminal proceedings).

The trend seems to be against broad application of the opinion work product doctrine in these and similar situations, unless the compilation clearly reflects a lawyer's opinions or impressions. Hambarian v. Commissioner of Internal Revenue, 2002 U.S. Tax Ct. LEXIS 35, at *13, 118 T.C. No. 35 (T.C. 2002) (finding that the Sporck doctrine did not apply to a prosecuting attorney's selection of 10,000 pages and a petitioner's defense attorney's selection of 100,000 pages from a larger universe of documents maintained by the prosecuting attorney; explaining that "given the large volume of documents (pages) involved, there is little or no likelihood that the defense attorney's mental impressions would be discernible"); In re Sealed Case, 124 F.3d 230, 236 (D.C. Cir. 1997) (although recognizing that opinion work product was entitled to more protection, holding that "where the context suggests that the lawyer has not sharply focused or weeded the materials, the ordinary Rule 26(b)(3) standard should apply"; remanding to the district court for an additional review of the materials), rev'd sub nom. Swidler & Berlin v. United States, 524 U.S. 399 (1998).

E. Preserving the Work Product Protection

1. Overcoming the Work Product Protection

a. Fact Work Product

Unlike the attorney-client privilege (which is absolute if properly created and not waived), the work product doctrine provides only limited protection from disclosure. Restatement (Third) of Law Governing Lawyers § 87 cmt. d at 640 (1998); Marsh v. Safir, No. 99 Civ. 8605 (JGK) (MHD), 2000 U.S. Dist. LEXIS 5136, at *26 (S.D.N.Y. Apr. 20, 2000).

Fed. R. Civ. P. 26(b)(3) allows a party to overcome the work product protection if the party has "substantial need" for the materials and "is unable without undue hardship to obtain the substantial equivalent of the materials by other means." Fed. R. Civ. P. 26(b)(3).

- The "substantial need" test focuses on the importance of the information to the adversary's case. Madanes v. Madanes, 199 F.R.D. 135, 150 (S.D.N.Y. 2001).
- The "undue hardship" test focuses on whether the information is easily available elsewhere. Fletcher v. Union Pac. R.R., 194 F.R.D. 666, 674-75 (S.D. Cal. 2000).

As might be expected, litigants attempting to meet the "substantial need" standard for overcoming their adversary's work product protection have tried a number of theories.

(1) If a witness cannot be located or has died, courts often order disclosure of any witness interview memoranda prepared by an adversary. Trustmark Ins. Co. v. General & Cologne Life Re of Am., Case No. 00 C 1926, 2000 U.S. Dist. LEXIS 18917, at *10-11 (N.D. Ill. Dec. 19, 2000); McMillan v. Renal Treatment Ctr., 45 Va. Cir. 395, 397-98 (Norfolk 1998); Larson v. McGuire, 42 Va. Cir. 40, 42 (Loudoun 1997).

- This argument generally does not work if the witnesses are available for interview or discovery by the adversary (because in such a circumstance the adversary usually cannot establish the necessary "undue hardship" element. Siddall v. Allstate Ins. Co., No. 99-17428, 2001 U.S. App. LEXIS 17240, at *204 (9th Cir. Aug. 1, 2001); In re Grand Jury Proceedings, No. M-11-189, 2001 U.S. Dist. LEXIS 15646, at *74-75 (S.D.N.Y. Oct. 3, 2001).
- One court has held that a party whose tardiness forfeited the chance to seek discovery from a now-unavailable witness could not point to the witness's unavailability in seeking to overcome the work product protection covering the adversary's witness interview notes. Wsol v. Fiduciary Mgmt. Assocs., Inc., No. 99 C 1719, 1999 U.S. Dist. LEXIS 19002, at *7-8, 1999 WL 1129100, at *3 (N.D. Ill. Dec. 6, 1999).
- Courts ordering the production of a litigant's witness interview notes under such a standard should normally allow redaction of any opinions included in the memorandum -- because they are entitled to a heightened protection.

(2) In another common situation involving a litigant's attempt to prove "substantial need" sufficient to overcome an adversary's work product claim, courts sometimes order the production of contemporaneous pictures, witness statements, etc., created immediately after the pertinent incident -- holding that such documents cannot be recreated long after the incident, when memories have faded. Coogan v. Cornet Transp. Co., 199 F.R.D. 166 (D. Md. 2001); Holton v. S&W Marine, Inc., No. 00-1427 SECTION "L" (5), 2000 U.S. Dist. LEXIS 16604, at *10 (E.D. La. Nov. 9, 2000).

(3) Courts sometimes accept other arguments advanced by litigants hoping to obtain their adversary's work product. Examples include:

- Need to obtain material to impeach an adversary's witness. Restatement (Third) of Law Governing Lawyers § 88 cmt. c at 652 (1998); Abramian v. President & Fellows of Harvard Coll., No. 93-5968-C, 2001 Mass. Super. LEXIS 598, at *15-16 (Middlesex Super. Ct. Nov. 29, 2001); In re Papst Licensing GmbH Patent Litig., Civ. A No. 99-MD-1298 Section "G" (2), 2001 U.S. Dist. LEXIS 10012, at *69-70 (E.D. La. July 12, 2001).
- Witness' lack of memory. Lawrence v. Cohn, 90 Civ. 2396(CSH)(MHD), 2002 U.S. Dist. LEXIS 1226 (S.D.N.Y. Jan. 24), summary judgment granted, 197 F. Supp. 2d 16 (S.D.N.Y. 2002).
- Need to obtain an adversary's translation of a document from Japanese into English, because of the burden of arranging for another translation. In re Papst Licensing GmbH Patent Litig., Civ. A. No. 99-MD-1298 Section "G" (2), 2001 U.S. Dist. LEXIS 10012, at *69-70 (E.D. La. July 12, 2001).

- Need for a client to review its former law firm's files for evidence of malpractice. Polin v. Wisehart & Koch, 00 Civ. 9624(AGS)(MHD), 2002 U.S. Dist. LEXIS 9123 (S.D.N.Y. May 22, 2002).

(4) On the other hand, some courts have rejected litigants' attempts to overcome their adversary's work product protection (sometimes taking views directly opposed to the approach of other courts, identified above). Examples include:

- Need to obtain impeachment material. Director, Office of Thrift Supervision v. Vinson & Elkins, LLP, 124 F.3d 1304, 1308 (D.C. Cir. 1997).
- Need to obtain corroborative evidence. Baker v. GMC (In re GMC), 209 F.3d 1051, 1054 (8th Cir. 2000).
- Witnesses' testimony that they do not recall the exact words they used during earlier interviews with their corporation's lawyer. In re Woolworth Corp. Sec. Class Action Litig., No. 94CIV.2217 (RO), 1996 WL 306576, at *3 (S.D.N.Y. June 7, 1996).
- A first-party insurer's need to know "what the insured knew at the time of the claimed denial" in order to "assert both its defense and counterclaim." St. Paul Reinsurance Co. v. Commercial Fin. Corp., 197 F.R.D. 620 (N.D. Iowa 2000).
- Need to obtain material to impeach an adversary's testifying doctors who were expected to provide expert testimony. Harris v. Provident Life & Accident Ins. Co., 198 F.R.D. 26 (N.D.N.Y. 2000).
- A former employee's inability to recall facts he had included in an earlier affidavit. Infosystems, Inc. v. Ceridian Corp., 197 F.R.D. 303 (E.D. Mich. 2000); Baker v. GMC (In re GMC), 197 F.R.D. 376 (W.D. Mo. 1999).
- An adversary's failure to answer questions at a deposition because of numerous objections and directions not to answer. Madanes v. Madanes, 199 F.R.D. 135 (S.D.N.Y. 2001).
- Witnesses' lack of memory on factual matters that are not an essential element of the requesting party's case. Madanes v. Madanes, No. 96 Civ. 6398 (LBS) (JCF), 2000 U.S. Dist. LEXIS 17330, at *4 (S.D.N.Y. Dec. 1, 2000); A.I.A. Holdings, S.A. v. Lehman Bros., No. 97 Civ. 4978 (LMM)(HBP), 2000 U.S. Dist. LEXIS 15820, at *5 (S.D.N.Y. Oct. 27, 2000).

(5) Courts also disagree about a litigant's right to obtain an adversary's computer database that took a substantial effort to create.

- Some courts have found that a party seeking such a database can meet the "substantial need" standard without trying to recreate the database itself. National Congress for Puerto Rican Rights v. City of New York, 194 F.R.D. 105, 110 (S.D.N.Y. 2000); Smith v. Texaco, Inc., 186 F.R.D. 354, 358 (E.D. Tex. 1999); Hines v. Widnall, 183 F.R.D. 596, 601 (N.D. Fla. 1998); Thomas v. General Motors Corp., 174 F.R.D. 386, 389-90 (E.D. Tex. 1997); Cornelius v. CONRAIL, 169 F.R.D. 250, 254 (N.D.N.Y. 1996).
- Other courts have held that a party may not obtain access to the adversary's database if the party could create its own database by reviewing documents or interviewing witnesses. Maloney v. Sisters of Charity Hosp., 165 F.R.D. 26, 30 (W.D.N.Y. 1995); Lawyers Title Ins. Corp. v. United States Fid. & Guar. Co., 122 F.R.D. 567, 570 (N.D. Cal. 1988).
- Courts have also rejected a litigant's arguments based on an alleged: need for an adversary's computer database so that a lawyer "could better frame his discovery requests" (Lawyers Title Ins. Corp. v. United States Fid. & Guar. Co., 122 F.R.D. 457, 570 (N.D. Cal. 1988)); need to obtain an adversary's computer database to ensure that the adversary is producing all relevant documents. Lawyers Title Ins. Corp. v. United States Fid. & Guar. Co., 122 F.R.D. 457, 570 (N.D. Cal. 1988).
- Some courts ordering the production of a party's computer database to the adversary required the requesting party to pay part of the cost of creating the database (Portis v. City of Chicago, No. 02 C 3139, 2004 U.S. Dist. LEXIS 12640 (N.D. Ill. July 6, 2004); Williams v. E.I. Du Pont de Nemours & Co., 119 F.R.D. 648, 651 (W.D. Ky. 1987)), while one court was not as generous. Hines v. Widnall, 183 F.R.D. 596, 601 (N.D. Fla. 1998).

(6) Most courts find that a surveillance videotape deserves work product protection if it was prepared in anticipation of litigation and motivated by the litigation (explained above).

- Courts generally require that a party preparing such a videotape must produce it, because the party that has been videotaped cannot replicate the videotape (Evan v. Estell, 203 F.R.D. 172, 173 (M.D. Pa. 2001)), or because the party intends to use the videotape at trial. Id.

- In an unusual twist, courts recognize the obvious benefit of a secret surveillance videotape in impeaching the party being videotaped (such as a personal injury plaintiff falsely claiming serious injuries) by permitting the party making the videotape to withhold it until after that party has deposed the subject of the videotape. Bradley v. Wal-Mart Stores, Inc., 196 F.R.D. 557 (E.D. Mo. 2000); Hildebrand v. Wal-Mart Stores, Inc., 194 F.R.D. 432 (D. Conn. 2000).

b. Opinion Work Product

Fed. R. Civ. P. 26(b)(3) requires that a court "shall protect" against the disclosure of opinion work product.

Some courts apply absolute protection to opinion work product. Federal Election Comm'n v. Christian Coalition, 178 F.R.D. 61 (E.D. Va.), aff'd in part, modified in part, 178 F.R.D. 456 (E.D. Va. 1998).

- Some courts offer only "special protection." All W. Pet Supply Co. v. Hill's Pet Prods. Div., 152 F.R.D. 634, 637 n.5 (D. Kan. 1993).

- Other courts apply every variation in between these two extremes.

Courts have analyzed the burden of proof facing parties litigating over the work product doctrine.

- Courts generally require that a party seeking work product protection establish that the materials fall within the rule, with the burden then shifting to the party seeking the materials to prove "substantial need" and "undue hardship." Miller v. Federal Express Corp., 186 F.R.D. 376, 387 (W.D. Tenn. 1999).

If a document contains both fact and opinion work product, courts sometimes require that parts of it be produced while other parts remain protected. Restatement (Third) of Law Governing Lawyers § 89 cmt. c at 656 (1998).

F. Avoiding Waiver of the Work Product Protection

1. Express Waiver

a. General Rule

Most courts hold that both the client and the lawyer may waive the work product protection. In re Circle K Corp., 199 B.R. 92, 99 (Bankr. S.D.N.Y. 1996), aff'd, No. 96CIV.5801, 1997 WL 31197 (S.D.N.Y. Jan. 28, 1997).

- Interestingly, at least one court has held that the party challenging an adversary's work product assertion has the burden of proof -- in contrast to the majority view that the party asserting the attorney-client privilege has the burden of proof. Freeport-McMoran Sulphur, LLC v. Mike Mullen Energy Equipment Resource, Inc., No. 03-1496 c/w 03-1664 SECTION: "A" (4), 2004 U.S. Dist. LEXIS 10048 (E.D. La. June 2, 2004).

b. Waiver Caused by Disclosing Work Product to Adversaries, or Others Who Might Share It with Adversaries

Although the attorney-client privilege is so fragile that any disclosure outside the attorney-client relationship generally waives the protection, most courts find that disclosing work product to third parties does not automatically waive that protection. Viacom, Inc. v. Sumitomo Corp. (In re Copper Mkt. Antitrust Litig.), No. M8-85 (LTS), 2001 U.S. Dist. LEXIS 5269, at *24 n.6 (S.D.N.Y. Apr. 30, 2001).

Of course, disclosing work product to an adversary generally waives the work product protection.

- Because inadvertently-produced documents disclosed during litigation generally fall into the adversary's hands, most courts apply the same tests (strict, liberal or fact-intensive) in determining waiver of the work product protection that they use in assessing waiver of the attorney-client privilege. Carter v. Gibbs, 909 F.2d 1452, 1458 (Fed. Cir. 1990).

Disclosing work product to a third party other than an adversary generally causes a waiver only if the disclosure makes it likely that the work product will "fall into enemy hands" -- ending up with the adversary. Bowman v. Brush Wellman, Inc., No. 00 C 50264, 2001 U.S. Dist. LEXIS 14088, at *7 (N.D. Ill. Sept. 13, 2001); In re Doe, 662 F.2d 1073, 1081, 1082 (4th Cir. 1981), cert. denied, 455 U.S. 1000 (1982).

- In such situations, courts often conduct a fact-intensive analysis of this possibility. Verschoth v. Time Warner Inc., No. 00 Civ. 1339 (AGS) (JCF),

2001 U.S. Dist. LEXIS 3174, at *6-7, 9, 2, 4, 10 (S.D.N.Y. Mar. 22, 2001) (holding that Time Warner waived the work product protection covering information about an employment discrimination case by sharing information with a former assistant managing editor of Sports Illustrated who continued to perform freelance editing for the magazine, because the editor was a long-standing friend of the plaintiff, and "it was not reasonable to discuss with [the editor] information that may have been gathered in anticipation of that litigation and expect him not to convey it to [the plaintiff]").

Given this difference between the attorney-client privilege and work product doctrine, it makes sense to share work product only under a confidentiality agreement.

- A confidentiality agreement would not prevent waiver of the attorney-client privilege, but might demonstrate that the party disclosing work product did not increase the chance the adversary would obtain access to the work product. Blanchard v. Edgemark Fin. Corp., 192 F.R.D. 233, 237-38 (N.D. Ill. 2000).

c. Disclosure that Waives the Attorney-Client Privilege but not the Work Product Doctrine

This difference in waiver principles between the attorney-client privilege and the work product doctrine sometimes means that sharing materials protected by both the attorney-client privilege and the work product doctrine might waive the former but not the latter. Calvin Klein Trademark Trust v. Wachner, 198 F.R.D. 53 (S.D.N.Y. 2000) (sharing information with a public relations firm).

- In one recent celebrated case, Martha Stewart was found to have waived the attorney-client privilege protection covering one of her e-mails by sharing it with her daughter, but was found not to have waived the work product protection covering the e-mail. United States v. Stewart, 287 F. Supp. 2d 461 (S.D.N.Y. 2003).

d. Selective Disclosure to Gain an Advantage

Selective disclosure of work product materials to gain some advantage generally waives the privilege. ACLARA Biosciences, Inc. v. Caliper Techs. Corp., No. C99-1968 CRB (JCS), 2000 U.S. Dist. LEXIS 10585, at *26 (N.D. Cal. June 16, 2000).

- Sharing work product during settlement negotiations can waive the protection, although not all courts agree. In re Chrysler Motors Corp. Overnight Evaluation Program Litig., 860 F.2d 844, 846-47 (8th Cir. 1988); Sparton Corp. v. United States, 44 Fed. Cl. 557, 565-66 (Fed. Cl. 1999).

e. Disclosure of Work Product to the Government

Courts have wrestled with the waiver implications of companies sharing work product with the government.

- As a theoretical matter, some courts held out the possibility that sharing work product with the government did not create a waiver. In re Grand Jury Proceedings, No. M-11-188 (LAP), 2001 U.S. Dist. LEXIS 2425, at *63 (S.D.N.Y. Mar. 2, 2001).

- For instance, if the private party has an interest allied with the government's interest, sharing work product with the government may not waive the work product protection. In re Visa Check/Mastermoney Antitrust Litig., 190 F.R.D. 309, 314 (E.D.N.Y. 2000).

- However, a string of recent cases has held that companies always waive the work product protection by sharing work product with the government. Tyco Int'l, Inc. Multidistrict Litig., MDL Dkt. No. 02-1335-B, 2004 U.S. Dist. LEXIS 4541 (D.N.H. Mar. 19, 2004); Spanierman Gallery v. Merritt, No. 00 Civ. 5712 (LTS)(THK), 2003 U.S. Dist. LEXIS 22141 (S.D.N.Y. Dec. 5, 2003); McKesson HBOC, Inc. v. Superior Court, 9 Cal. Rptr. 3d 812 (Cal. Ct. App. 2004); McKesson Corp. v. Green, Nos. A03A2428 & A03A2429, 2004 Ga. App. LEXIS 326 (Ga. Ct. App. Mar. 8, 2004).

- One recent case has taken the opposite approach, but it is too early to tell if that case is an aberration or represents a new trend. In re McKesson HBOC, Inc. Sec. Litig., Nos. C-99-20743 RMW & C-00-20030 RMW, 2005 U.S. Dist. LEXIS 7098 (N.D. Cal. Mar. 31, 2005).

- One court has held that sharing work product with the government waives the protection applicable to fact work product, but not opinion work product. In re Martin Marietta Corp., 856 F.2d 619, 625 (4th Cir. 1988), cert. denied, 490 U.S. 1011 (1989).

- Given this uncertainty, companies should never assume that they can share work product with the government without waiving that protection.

f. Disclosure of Work Product to Outside Auditors

Courts have also dealt with the waiver implications of sharing protected work product with outside auditors.

- Several earlier cases had indicated that company might be able to share work product with their auditors without waiving the work product protection -- because the outside auditors were not the company's adversaries. In re Pfizer Inc. Securities Litigation, No. 90 Civ. 1260(SS), 1993 U.S. Dist. LEXIS 18215, at *22-23 (S.D.N.Y. Dec. 22, 1993); Gramm v. Horsehead Industries, Inc., No. 87 Civ. 5122(MJL), 1990 U.S. Dist LEXIS 773, at *16 (S.D.N.Y. Jan. 25, 1990).

- One recent case held that a company sharing work product with its outside auditor waived the work product protection. Medinol, Ltd. v. Boston Science Corp., 214 F.R.D. 113 (S.D.N.Y. 2002).

- A more recent case takes the opposite position -- finding that a company sharing work product with its outside auditor did not waive the work product protection. Merrill Lynch & Co., Inc. v. Allegheny Energy, Inc., 2004 U.S. Dist. LEXIS 21543 (S.D.N.Y. 2004) (acknowledging that the earlier Medinol decision took the opposite approach, but finding that Merrill Lynch did not have a "tangible adversarial relationship" with its auditor Deloitte & Touche, so that Merrill Lynch had not waived the work product protection covering an internal investigation report by sharing that report with Deloitte & Touche; noting that Deloitte & Touche concluded that the report "did not impact" Deloitte's audit work or Merrill Lynch's financial statements; pointing to Deloitte's "ethical and professional obligation" to maintain the confidentiality of materials received from Merrill Lynch; concluding that finding a waiver of the work product protection in such circumstances "could very well discourage corporations from conducting a critical self-analysis and sharing the fruits of such an inquiry with the appropriate actors").

This new debate has caused great concern to in-house lawyers, who find themselves pressured by outside auditors to disclose litigation-related analyses, litigation outcome predictions, etc., -- yet justifiably worry about waiving the work product protection that would otherwise entitle the companies to withhold such documents from the private plaintiffs against whom they are litigating.

g. Disclosure of Work Product to Non-Testifying Experts

As explained above, specially-retained litigation-related non-testifying experts are subject to discovery only under "exceptional circumstances." Fed. R. Civ. P. 26(b)(4)(B).

- This very narrow discovery standard generally allows the sharing of work product (even opinion work product) with a non-testifying expert without fear of waiver.

h. Disclosure of Work Product to Testifying Experts

Courts have always recognized that fact work product provided to a testifying expert may be discovered by the adversary.

The key uncertainly involves the discoverability of opinion work product (a distinction discussed above) that a lawyer or client shares with a testifying expert.

- The work product rule clearly provides heightened protection from discovery for opinion work product (discussed above).

- However, the rules also permit discovery (to one extent or another) of a testifying expert.

- Moreover, simple fairness might indicate that a litigant should be entitled to explore all of the information that has been provided to the adversary's testifying expert.

Before 1993, federal courts debated whether opinion work product shared with a testifying expert was subject to discovery -- the majority of federal courts answered "yes."

A 1993 amendment to the Federal Rules now requires that testifying experts disclose "the data or other information considered by the witness in forming the opinions." Fed. R. Civ. P. 26(a)(2)(B) (emphasis added).

- A vast majority of federal courts hold that this disclosure requirement trumps the heightened protection provided to opinion work product. Karn v. Ingersoll-Rand Co., 168 F.R.D. 633, 635-36 (N.D. Ind. 1996); Lamonds v. General Motors Corp., 180 F.R.D. 302, 304 (W.D. Va. 1998).

Under this approach, the only grounds for withholding from discovery any opinion work product shared with the testifying expert is that the expert did not review the material. Construction Indus. Servs. Corp. v. Hanover Ins. Co., 206 F.R.D. 43 (E.D.N.Y. 2002).

- However, a litigant relying on this exception must clearly establish that the testifying expert never reviewed the material. Tri-State Outdoor Media Group, Inc. v. Official Comm. Of Unsecured Creditors to Ti-State Outdoor Media Group, Inc., 283 B.R. 358, 365 (M.D. Ga. 2002).

Some states did not change their rules to match the 1993 Federal Rules change -- so the situation in those states is much like the pre-1993 situation under the Federal Rules.

- For instance, Virginia did not change its rules, and Virginia state courts take differing positions on the discoverability of opinion work product that a litigant shares with a testifying expert.

2. Implied Waiver

Most courts apply the implied waiver doctrine to work product, meaning that taking certain positions can waive the work product protection.

- Examples include: relying on advice of counsel (Brennan v. Western Nat'l Mut. Ins. Co., 199 F.R.D. 660 (D.S.D. 2001)); putting a lawyer's advice "at issue" (Cooney v. Booth, 198 F.R.D. 62 (E.D. Pa. 2000)); placing a lawyer's agent's mental state "at issue" (Tribune Co. v. Purcigliotti, No. 93CIV.7222 LAP THK, 1997 WL 10924, at *7-8 (S.D.N.Y. Jan. 10, 1997)); relying on the fact of an investigation of a sexual harassment charge as a defense to the allegations (Harding v. Dana Transp., Inc., 914 F. Supp. 1084, 1098-99 (D.N.J. 1996)); listing a lawyer as a factual or expert witness (Sorenson v. H&R Block, Inc., 197 F.R.D. 206 (D. Mass. 2000)); asserting a "qualified immunity" affirmative defense (Mitzner v. Sobol, 136 F.R.D. 359, 362-63 (S.D.N.Y. 1991)); taking positions in a bad faith insurance case that implicate a lawyer's activities (Charlotte Motor Speedway, Inc. v. International Ins. Co., 125 F.R.D. 127 (M.D.N.C. 1989)); asserting a defense based on the adequacy of an investigation (Jones v. Scientific Colors, Inc., Case Nos. 99 C 1959 & 00 C 1071, 2001 U.S. Dist. LEXIS 10633, at *2-4 (N.D. Ill. July 9, 2001)); arguing ignorance of a claim that would start the statute of limitations running (Axler v. Scientific Ecology Group, Inc., 196 F.R.D. 210 (D. Mass. 2000)); suing a former lawyer for malpractice (thus waiving the opinion work product that would otherwise cover successor counsel's work) (Rutgard v. Haynes, 185 F.R.D. 596, 601 (S.D. Cal. 1999)); seeking attorney fees. Tonti Properties v. Sherwin-Williams Co., No. 99-892 Section "E" (2), 2000 U.S. Dist. LEXIS 5748, at *6-7 (E.D. La. Apr. 26, 2000).

3. Subject Matter Waiver

As explained above, many differences between the work product doctrine and the attorney-client privilege reflect themselves in differing rules governing such important matters as the level of protection and waiver.

- These differences are also reflected in the doctrine of subject matter waiver.

Some courts find that waiver of the work product protection results in a subject matter waiver, while others do not. Chiron Corp. v. Genentech, Inc., 179 F. Supp. 2d 1182, 1188-89 (E.D. Cal. 2001); In re Pioneer Hi-Bred Int'l, Inc., 238 F.3d 1370 (Fed. Cir. 2001).

4. Inapplicability of the Work Product Doctrine to Trial Documents

Whether analyzed under the work product doctrine's applicability ab inito or as an implied waiver issue, it is obvious that the work product doctrine does not protect the identity of documents that a litigant intends to use at trial -- such as a list of intended exhibits. Northup v. Acken, No. SC02-2435, 2004 Fla. LEXIS 105 (Fla. Jan 29, 2004).

- If an adversary requests such information early in the pre-trial process, perhaps a timing objection would be appropriate -- but a litigant cannot refuse to comply with mandated pre-trial disclosures by arguing that the selection of exhibits reflects opinion work product.

- Only one court seems to have taken this concept to the logical extreme, prohibiting a litigant from putting on evidence at trial if the litigant claimed some protection in refusing to provide the evidence during discovery. Arthrocare Corp. v. Smith & Nephew, Inc., 310 F. Supp. 2d 638 (D. Del. 2004).

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PRIVILEGE AND WORK PRODUCT ISSUES FACING IN-HOUSE COUNSEL

Hypotheticals

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Hypothetical 1

You just hired a recent law school graduate to join your company's law department. During her second day on the job, she surprises you by criticizing a number of procedures that you have followed for some time. She saves her harshest criticism for your practice of communicating by e-mail with your company's salesmen when they are traveling. She argues that using unencrypted e-mail for communications with clients is unethical because it does not assure privacy.

Is it ethically permissible to use unencrypted e-mail for confidential communications with clients?

YES NO

Hypothetical 2

You have gained a national reputation for representing colleges in certain employment discrimination matters. You just received an e-mail from a college located in a neighboring state -- in which you are not licensed. The college wants to retain you to analyze a particularly thorny employment discrimination matter. You do not think that you will need to travel to the neighboring state to perform the work, but you expect a constant stream of e-mails over the next several months.

Would your representation of the college in the neighboring state amount to the "unauthorized practice of law" in that state?

YES NO

Hypothetical 3

At first you thought it was a joke, but you have now confirmed that one of your company's litigation adversaries has sought the production of documents in your files that you did not send to any client -- arguing that the documents do not deserve attorney-client privilege protection because they were never communicated to "the client."

Is your adversary likely to succeed in seeking the production of these materials?

YES NO

Hypothetical 4

You represent a large company in litigation with a software vendor. Your client fired the vendor after determining that it could never deliver the software it promised, and has also refused to pay the software vendor under the development contract. The software vendor has moved to compel the production of communications between your client's corporate lawyer and two consultants that your client hired to review the software development project's status. When they were initially brought "on board," the consultants worked just a few days each week at your client's offices, but they eventually reported to your client's offices every day, worked out of an assigned office, and even had a phone number on your client's telephone system. After the consultants determined that the software being developed by the vendor would never work properly, they proposed to develop software themselves -- and continued to work out of your client's offices while doing so.

Are communications between the consultants and the company's lawyers protected by the attorney-client privilege?

` YES NO

Hypothetical 5

You represent a bank in an important merger. You want to share privileged communications with your client's investment advisors, and have prepared an agreement articulating the "common interest" that the bank shares with the investment advisors. You were just about to send the agreement out for signature when one of the newest lawyers in the law department tells you that the agreement might not be effective in avoiding a waiver of the attorney-client privilege.

Is a court likely to find that you waived the attorney-client privilege by sharing privileged communications pursuant to a "common interest agreement" in this context?

YES NO

Hypothetical 6

You have been representing a well-known corporate executive in a criminal matter. You just received a motion from the government to compel your client's production of an e-mail in which she memorialized her recollection of the critical transaction at issue in the case against her. She had prepared the e-mail on her own initiative about one year before she was indicted, and then she sent the e-mail to you (without explicitly asking for your thoughts about it or for any advice). The government argues that the e-mail is neither privileged nor protected by the work product doctrine. The government also claims that your client waived any applicable protections because just after sending you the e-mail, she forwarded the underlying e-mail (and the cover e-mail to you) to her daughter.

(a) Is your client's e-mail protected by the attorney-client privilege?

YES NO

(b) Is your client's e-mail protected by the work product doctrine?

YES NO

(c) If the e-mail is privileged, did your client waive the privilege by sending it to her daughter?

YES NO

(d) If the e-mail is protected work product, did your client waive the protection by sending the e-mail to her daughter?

YES NO

Hypothetical 7

You are advising your client's management about a personnel issue. One of your client's executive vice presidents wants to be on the list of those receiving any e-mails about personnel issues, even though he is not directly involved in any personnel decisions. A former employee suing your client has sought the production of all e-mails that the executive vice president sent and received, claiming that e-mails to or from the executive vice president about personnel issues do not deserve attorney-client privilege.

Can the participation of a company's executive vice president in otherwise privileged e-mail message traffic ever destroy the privilege?

YES NO

Hypothetical 8

At your urging, your company has been cooperating with the government in its investigation of and prosecution of two former executives at one of your subsidiaries. Before sharing any work product with the government, you receive an explicit representation that neither your company nor its subsidiary is a "target" of the investigation. You also arranged for strict confidentiality and non-waiver agreements, and even lined the government up to join you in arguing that sharing the work product with the government in this situation did not cause a waiver.

Does sharing work product with the government in this situation waive the work product protection?

YES NO

Hypothetical 9

You think that you understand and appreciate the different waiver rules covering the attorney-client privilege and the work product doctrine. However, you just received a call from your company's CFO that requires you to quickly apply your knowledge. Your CFO tells you that the company's auditor wants to see a copy of material protected by the attorney-client privilege and the work product doctrine, so that it can assess the possible liability your client faces in a large lawsuit.

(a) Does sharing material protected by the attorney-client privilege with the outside auditor waive that protection?

YES NO

(b) Does sharing material protected by the work product doctrine with the outside auditor waive that protection?

YES NO

Hypothetical 10

Your company has been involved in a high-profile patent infringement case. You were careful to avoid hiring as litigation counsel the law firm that provided your client with a non-infringement opinion. However, you just received a call from your lead litigator telling you that the adversary is claiming that the attorney-client privilege does not protect communications among the client, you, and the litigator. The adversary also wants to see memoranda that you and the litigator prepared but never sent to the client. Given your understanding of the "advice of counsel" defense, you are surprised by both the temporal and the substantive scope of the waiver argument being pursued by your adversary.

Is your adversary likely to succeed in seeking the production of these documents?

YES NO

Hypothetical 11

You are shocked to receive word from your outside litigation firm that plaintiffs suing your company want to take your deposition. You know that the law imposes a higher burden on litigants seeking to depose opposing counsel, and you want to know the odds that you will have to undergo a deposition.

Does the heightened standard covering lawyer depositions apply to in-house transactional lawyers?

YES NO

Hypothetical 12

You realize now that you should have followed your initial instinct, and not hired a particular in-house lawyer who proved to be "high maintenance" until he left your company two weeks ago. You just heard that your former colleague has just filed a wrongful termination claim against your client.

May in-house lawyers file wrongful termination claims against their former clients/employers?

YES NO

Hypothetical 13

Your company is engaged in a bitter intellectual property fight with one of its main business competitors. The adversary has just moved to compel the production of e-mail message traffic to and from a paralegal who has worked for many years in your company's law department. The adversary claims that the communications with the paralegal do not deserve privilege protection because she was not helping you and your colleagues give legal advice.

Is your adversary's argument likely to succeed?

YES NO

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PRIVILEGE AND WORK PRODUCT ISSUES FACING IN-HOUSE COUNSEL

Hypotheticals and Analyses

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TABLE OF CONTENTS

Duty of Confidentiality -- Use of New Technology

Hypothetical 1

You just hired a recent law school graduate to join your company's law department. During her second day on the job, she surprises you by criticizing a number of procedures that you have followed for some time. She saves her harshest criticism for your practice of communicating by e-mail with your company's salesmen when they are traveling. She argues that using unencrypted e-mail for communications with clients is unethical because it does not assure privacy.

Is it ethically permissible to use unencrypted e-mail for confidential communications with clients?

YES

Analysis

The issue here is whether using unencrypted e-mail for communicating client confidences passes muster under your ethical duty to preserve a client's confidence. ABA Model Rule 1.6(a).

As bars began to analyze the use of unencrypted e-mails, one bar flatly held that lawyers would violate the ethics code if they communicated client confidences by e-mail because the lawyers could not assure that the communications would remain private.[1] However, that initial prohibition proved it to be an aberration. Most courts now hold that lawyers may communicate with their clients using unencrypted e-mail without automatically violating the ethics rules.[2] The ABA agrees.[3]

Some bars hold that lawyers must obtain their clients' consent or at the very least must warn their clients that confidential information might be intercepted if they use unencrypted e-mails to communicate.[4]

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[1] Iowa State Bar Ass'n, Formal Op. 95-30 (1996), rescinded by Formal Op. 96-1 (1996); *accord Salmon v. State*, 426 S.E.2d 160 (Ga. 1992) ("The courts addressing the issue of expectation of privacy in a conversation on a telephone which transmits by radio waves have overwhelmingly held there is no such expectation of privacy.").

[2] District of Columbia Bar Legal Ethics Comm., Op. 281 (1998) ("In most circumstances, transmission of confidential information by unencrypted electronic mail does not *per se* violate the confidentiality rules of the legal profession. However, individual circumstances may require greater means of security."); Vermont Bar Ass'n Comm. on Prof'l Responsibility, Op. 97-5 (1998) ("[T]he Committee decides that since (a) e-mail privacy is no less to be expected than in ordinary phone calls, and (b) unauthorized interception is illegal, a lawyer does not violate DR 4-101 by communicating with a client by e-mail, including the Internet, without encryption. In various instances of a very sensitive nature, encryption might be prudent, in which case ordinary phone calls would obviously be deemed inadequate."); State Bar Ass'n of N.D. Ethics Comm., Op. 97-09 (1997) ("More recent and, in the view of this Committee, more reasoned opinions, have concluded that a lawyer may communicate routine matters with clients, and/or other lawyers jointly representing clients, via unencrypted electronic mail (e-mail) transmitted over commercial services (such as America Online or MCI Mail) or the Internet without violating the aforesaid rule unless unusual circumstances require enhanced security measures."); Illinois State Bar Ass'n Advisory Op. on Prof'l Conduct 96-10, 1997 WL 317367, at *4 (May 16, 1997) ("In summary, the Committee concludes that because (1) the expectation of privacy for electronic mail is no less reasonable than the expectation of privacy for ordinary telephone calls, and (2) the unauthorized interception of an electronic message subject to the ECPA is illegal, a lawyer does not violate Rule 1.6 by communicating with a client using electronic mail services, including the Internet, without encryption. Nor is it necessary, as some commentators have suggested, to seek specific client consent to the use of unencrypted e-mail. The Committee recognizes that there may be unusual circumstances involving an extraordinarily sensitive matter that might require enhanced security measures like encryption. These situations would, however, be of the nature that ordinary telephones and other normal means of communication would also be deemed inadequate."); South Carolina Bar Ethics Advisory Comm., Ethics Advisory Opinion 97-08, 1997 WL 582912, at *1, *2 (June 1997) ("There exists a reasonable expectation of privacy when sending confidential information through electronic mail (whether direct link, commercial service, or Internet). Use of electronic mail will not affect the confidentiality of client communications under South Carolina Rule of Professional Conduct 1.6. . . . The Committee concludes, therefore, that communication via e-mail is subject to a reasonable expectation of privacy. Because the expectation is no less reasonable that the expectation of privacy associated with regular mail, facsimile transmissions, or land-based telephone calls and because the interception of e-mail is now illegal under the Electronic Communications Privacy Act, 18 U.S.C. §§2701(a) and 2702(a), use of e-mail is proper under Rule 1.6.").

[3] ABA LEO 413 (Mar. 10, 1999) (lawyers may ethically communicate client confidences using unencrypted e-mail sent over the Internet, but should discuss with their clients different ways of communicating client confidences that are "so highly sensitive that extraordinary measures to protect the transmission are warranted").

[4] Missouri Bar Office of Chief Disciplinary Counsel, Informal Op. 970161 (1997) ("[U]nless e-mail communications, in both directions, are secured through a quality encryption program, Attorney would need to advise clients and potential clients that communication by e-mail is not necessarily secure and confidential."); Iowa State Bar Ass'n, Formal Op. 96-1 (1996) ("with sensitive material to be transmitted on E-mail counsel must have written acknowledgment by client of the risk of violation of DR 4-101 which acknowledgment includes consent for communication thereof on the Internet or non-secure Intranet or other forms of proprietary networks, or it must be encrypted or protected by password/firewall or other generally accepted equivalent security system."); North Carolina State Bar, Ethics Op. RPC 215, 1995 WL 853887, at *1 (July 21, 1995) ("A lawyer has a professional obligation extends to the use of communications technology. However, this obligation pursuant to Rule 4 of the Rules of Professional Conduct, to protect and preserve the confidences of a client. This professional obligation extends to the use of communications technology. However, this obligation does not require that a lawyer use only infallibly secure methods of communication. Lawyers are not required to use paper shredders to dispose

Other bars do not go quite as far, but indicate that lawyers should warn their clients of the dangers if they use unencrypted e-mails.[5]

Best Answer

The best answer to this hypothetical is **YES**.

of waste paper so long as the responsible lawyer ascertains that procedures are in place which 'effectively minimize the risks that confidential information might be disclosed.' RPC 133. Similarly, a lawyer must take steps to minimize the risks that confidential information may be disclosed in a communication via a cellular or cordless telephone. First, the lawyer must use reasonable care to select a mode of communication that, in light of the exigencies of the existing circumstances, will best maintain any confidential information that might be conveyed in the communication. Second, if the lawyer knows or has reason to believe that the communication is over a telecommunication device that is susceptible to interception, the lawyer must advise the other parties to the communication of the risks of interception and the potential for confidentiality to be lost."). *Accord* New Hampshire Bar Ass'n Ethics Comm., Advisory Op. 1991-92/6 (1992) ("In using cellular telephones or other forms of mobile communications, a lawyer may not discuss client confidences or other information relating to the lawyer's representation of the client unless the client has consented after full disclosure and consultation. ((Rule 1.4; Rule 1.6; Rule 1.6(a)). An exception to the above exits, where a scrambler-descrambler or similar technological development is used. (Rule 1.6).").

[5] Philadelphia Bar Ass'n Prof'l Guidance Comm., Guidance Op. 98-6, 1998 WL 112691, at *1 (Mar. 1998) ("A thoughtful practitioner can communicate with persons on the Internet as the inquirer intends and steer clear of ethical violations as long as he or she is mindful of the rules."); Alaska Bar Ass'n Ethics Comm., Op. 98-2, 1998 WL 156443, at *1 (Jan. 16, 1998) ("In the Committee's view, a lawyer may ethically communicate with a client on all topics using electronic mail. However, an attorney should use good judgment and discretion with respect to the sensitivity and confidentiality of electronic messages to the client and, in turn, the client should be advised, and cautioned, that the confidentiality of unencrypted e-mail is not assured. . . . Given the increasing availability of reasonably priced encryption software, attorneys are encouraged to use such safeguards when communicating particularly sensitive or confidential matters by e-mail, i.e., a communication that the attorney would hesitate to communicate by phone or by fax. . . . While e-mail has many advantages, increased security from interception is not one of them. However, by the same token, e-mail in its various forms is no less secure than the telephone or a fax transmission. Virtually any of these communications can be intercepted, if that is the intent. The Electronic Communications Privacy Act (as amended) makes it a crime to intercept communications made over phone lines, wireless communications, or the Internet, including e-mail, while in transit, when stored, or after receipt. See 18 U.S.C. sec. 2510 et. seq. The Act also provides that '[n]o otherwise privileged wire, oral or electronic communication intercepted in accordance with, or in violation of, the provisions of this chapter shall lose its privileged character.' 18 U.S.C. sec. 2517(4). Accordingly, interception will not in most cases result in a waiver of the attorney-client privilege.") (footnotes omitted); Pennsylvania Bar Ass'n Comm. on Legal Ethics & Prof'l Responsibility, Informal Op. 97-130, 1997 WL 816711, at *5-*6 (Sept. 26, 1997) ("In summary, I conclude the following: 1. A lawyer may use e-mail to communicate with or about a client without encryption; 2. A lawyer should advise a client concerning the risks associated with the use of e-mail and obtain the client's consent either orally or in writing; 3. A lawyer should not use unencrypted e-mail to communicate information concerning the representation, the interception of which would be damaging to the client, absent the client's consent after consultation; 4. A lawyer may, but is not required to, place a notice on client e-mail warning that it is a privileged and confidential communication; and, 5. If the e-mail is about the lawyer or the lawyer's services and is intended to solicit new clients, it is lawyer advertising similar to targeted, direct mail and is subject to the same restrictions under the Rules of Professional Conduct."); South Carolina Bar Ethics Advisory Comm., Ethics Advisory Op. 97-08, 1997 WL 582912, at *3 (June 1997) ("A lawyer should discuss with a client such options as encryption in order to safeguard against even inadvertent disclosure of sensitive or privileged information when using e-mail."); State Bar of Ariz. Comm. on the Rules of Prof'l Conduct, Formal Op. 97-04 (1997) ("Lawyers may want to have the e-mail encrypted with a password known only to the lawyer and the client so that there is no inadvertent disclosure of confidential information. Alternatively, there is encryption software available to secure transmissions. E-mail should not be considered a 'sealed' mode of transmission. *See American Civil Liberties Union v. Reno*, 929 F. Supp. 824, 834 (E.D. Pa. 1996). At a minimum, e-mail transmission to clients should include a cautionary statement either in the 're' line or beginning of the communication, indicating that the transmission is 'confidential' 'Attorney/Client Privileged', similar to the cautionary language currently used on facsimile transmittals. Lawyers also may want to caution clients about transmitting highly sensitive information via e-mail if the e-mail is not encrypted or otherwise secure from unwanted interception."); Association of the Bar of the City of N.Y. Comm. on Prof'l & Judicial Ethics, Formal Op. 1994-11, 1994 WL 780798, at *2, *3 (Oct. 21, 1994) ("Lawyers should consider taking measures sufficient to ensure, with a reasonable degree of certainty, that communications are no more susceptible to interception than standard land-line telephone calls. At a minimum, given the potential risks involved, lawyers should be circumspect and discreet when using cellular or cordless telephones, or other similar means of communication, to discuss client matters, and should avoid, to the maximum reasonable extent, any revelation of client confidences or secrets. . . . A lawyer should exercise caution when engaging in conversations containing or concerning client confidences or secrets by cellular or cordless telephones or other communication devices readily capable of interception, and should consider taking steps sufficient to ensure the security of such conversations."); Illinois State Bar Ass'n, Advisory Op. on Prof'l Conduct 90-07, 1990 WL 709689, at *1 (Nov. 26, 1990) ("A lawyer should inform his or her client when conversing with the client over mobile communications that he or she is using such a form of communication in order to avoid revealing of a confidence of the client. A lawyer should also inform the client that use of this mode of communication can result in loss of the attorney-client privilege as to such conversations. The lawyer should also refrain from discussing matters acquired in confidence when using mobile communications."). *See* Cal. Evid. Code § 952 ("A communication between a client and his or her lawyer is not deemed lacking in confidentiality solely because the communication is transmitted by facsimile, cellular telephone, or other electronic means between the client and his or her lawyer.").

Unauthorized Practice of Law -- Geographic Issues

Hypothetical 2

You have gained a national reputation for representing colleges in certain employment discrimination matters. You just received an e-mail from a college located in a neighboring state -- in which you are not licensed. The college wants to retain you to analyze a particularly thorny employment discrimination matter. You do not think that you will need to travel to the neighboring state to perform the work, but you expect a constant stream of e-mails over the next several months.

Would your representation of the college in the neighboring state amount to the "unauthorized practice of law" in that state?

NO

Analysis

The ABA and most states are currently struggling with what is called multijurisdictional practice ("MJP") issues.[6]

The ABA Model Rules allow a lawyer to practice law "in" a state (without being licensed in that state) under certain conditions. Under ABA Model Rule 5.5, a lawyer not admitted to practice in the jurisdiction may not "establish an office or other systematic and continuous presence" in the jurisdiction for the practice of law, or "hold out to the public or otherwise represent that the lawyer is admitted to practice law in this jurisdiction." ABA Model Rule 5.5(b).

[6] The MJP issue seems to represent yet another attempt by the organized bar to solve a problem that does not exist. It does not appear that clients have complained about lawyers crossing state lines (either in person or "virtually"), and the main constituency complaining of such activity seems to be lawyers who do not like the competition.

This debate almost inevitably arises in connection with a lawyer's attempts to recover fees and a client's attempts to avoid paying them. When clients claim that they should not have to pay for services amounting to the unauthorized practice of law, the battle is joined.

On the other hand, a lawyer admitted elsewhere may provide legal services "on a temporary basis in this jurisdiction": (1) that are undertaken with co-counsel admitted in the jurisdiction; (2) if the lawyer is or anticipates being admitted pro hac vice in a tribunal; or (3) the lawyer's services "arise out of or are reasonably related to the lawyer's practice in a jurisdiction in which the lawyer is admitted to practice." ABA Model Rule 5.5(c).

The *Restatement (Third) of Law Governing Lawyers* § 3 (1998) takes a very liberal approach.[7] Besides the obvious rule allowing lawyers to practice within their jurisdiction or before a tribunal or agency that admits them, the Restatement also indicates that

> [a] lawyer currently admitted to practice in a jurisdiction may provide legal services to clients in a matter:. . . .(3) at a place within a jurisdiction in which the lawyer is not admitted to the extent the lawyer's activities in the matter arise out of or are otherwise reasonably related to the lawyer's practice under Subsection (1) or (2) [allowing lawyers to practice in their jurisdictions or before courts or tribunals].

After noting that lawyers engaged in transactional work may not rely on a clear-cut rule such as the pro hoc vice admission of litigators, Comment (e) indicates that

[7] Comment (b) emphasizes that "the need to provide effective and efficient legal services to persons and businesses with interstate legal concerns requires that jurisdictions not erect unnecessary barriers to interstate law practice."

Comment (e) describes the outer limits of what the law should allow.

> At one extreme, it is clear that a lawyer's admission to practice in one jurisdiction does not authorize the lawyer to practice generally in another jurisdiction as if the lawyer were also fully admitted there. Thus, a lawyer admitted in State A may not open an office in State B for the general practice of law there or otherwise engage in the continuous, regular, or repeated representation of clients within the other state.

Although acknowledging that lawyers may hire local counsel to assist them, Comment (e) notes that "the additional expense for the lawyer's client of retaining additional counsel and educating that lawyer about the client's affairs would make such required retention unduly burdensome."

> Some activities are clearly permissible. Thus, a lawyer conducting activities in the lawyer's home state may advise a client about the law of another state, a proceeding in another state, or a transaction there, including conducting research in the law of the other state, advising the client about the application of that law, and drafting legal documents intended to have legal effect there. While lawyers would hesitate to do so due to lack of adequate familiarity, there is no per se bar against such a lawyer giving a formal opinion based in whole or in part on the law of another jurisdiction. It is also clearly permissible for a lawyer from a home state office to direct communications to persons and organizations in other states (in which the lawyer is not separately admitted), by letter, telephone, telecopier, or other forms of electronic communication.

In discussing the more difficult issue of a lawyer's physical presence in another state, Comment (e) acknowledges that "proper representation of clients often requires a transactional lawyer to conduct activities while physically present in one or more other states." Comment (e) indicates that such activities are permissible as long as they "arise out of or otherwise reasonably relate to the lawyer's practice in a state of admission."[8]

The illustrations make it clear that lawyers may travel to other states to practice law for clients with whom they have a relationship somehow related to their home state. The most forgiving example is Illustration 5, which indicates that an Illinois lawyer traveling to Florida to help a client in drafting a will codicil may prepare a similar document for the client's friend whom the lawyer meets in Florida. This illustration indicates that the lawyer may freely research and prepare the codicil, confer by telephone and letter with the new client in Florida and take the document to Florida for execution by the new client.

This hypothetical involves a situation in which none of the ABA Model Rule exceptions seem to apply. Thus, the issue is whether e-mail communications to and from a client in another state amount to a "systematic and continuous presence" in that state, or amount to the provision of legal services "in" that state.

Although the answer is not without doubt, most of the case law seems to involve the physical presence of a lawyer in another state.

The Restatement's comment that it is "clearly permissible for a lawyer from a home state office to direct communications to persons and organizations in other states (in which the lawyer is not separately admitted), by . . . other forms of electronic communication" -- combined with the apparent absence of any disciplinary actions or case law indicating otherwise -- means that an e-mail relationship with a client in the other state should pass ethical muster.

Such a relationship raises other issues (such as personal jurisdiction) that lawyers in such settings should also explore.

Best Answer

The best answer to this hypothetical is **NO**.

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[8] Comment (e) offers the following guidance in making this determination:

> In determining that issue, several factors are relevant, including the following: whether the lawyer's client is a regular client of the lawyer or, if a new client, is from the lawyer's home state, has extensive contacts with that state, or contacted the lawyer there; whether a multistate transaction has other significant connections with the lawyer's home state; whether significant aspects of the lawyer's activities are conducted in the lawyer's home state; whether a significant aspect of the matter involves the law of the lawyer's home state; and whether either the activities of the client involve multiple jurisdictions or the legal issues involved are primarily either multistate or federal in nature. Because lawyers in a firm often practice collectively, the activities of all lawyers in the representation of a client are relevant.

Importance of "Communication" to the Attorney-Client Privilege

Hypothetical 3

At first you thought it was a joke, but you have now confirmed that one of your company's litigation adversaries has sought the production of documents in your files that you did not send to any client -- arguing that the documents do not deserve attorney-client privilege protection because they were never communicated to "the client."

Is your adversary likely to succeed in seeking the production of these materials?

MAYBE

Analysis

This hypothetical comes from *American National Bank & Trust Co. v. AXA Client Solutions LLC*, No. 00 C 6786, 2002 U.S. Dist. LEXIS 4805 (N.D. Ill. Mar. 20, 2002). The Court held that the attorney-client privilege did not cover a document that an in-house lawyer had not sent to a client.

Although perhaps it represents an extreme view, the decision highlights the importance of communications in the attorney-client privilege analysis. Most courts would probably hold that a document that memorialized a privileged conversation itself deserved protection, and also hold that a document originally intended to be communicated to the client or the lawyer would deserve protection even if it was not communicated. In other words, it is the author's intent at the time of preparing the document that governs.

The work product doctrine is not so heavily based on the communication aspect, and it would be wise for those preparing such documents to always claim the work product protection (when available).

Best Answer

The best answer to this hypothetical is **MAYBE**.

Independent Contractors Who Are the "Functional Equivalent" of Corporate Employees

Hypothetical 4

You represent a large company in litigation with a software vendor. Your client fired the vendor after determining that it could never deliver the software it promised, and has also refused to pay the software vendor under the development contract. The software vendor has moved to compel the production of communications between your client's corporate lawyer and two consultants that your client hired to review the software development project's status. When they were initially brought "on board," the consultants worked just a few days each week at your client's offices, but they eventually reported to your client's offices every day, worked out of an assigned office, and even had a phone number on your client's telephone system. After the consultants determined that the software being developed by the vendor would never work properly, they proposed to develop software themselves -- and continued to work out of your client's offices while doing so.

Are communications between the consultants and the company's lawyers protected by the attorney-client privilege?

YES (AT LEAST SOME OF THE COMMUNICATIONS)

Analysis

This hypothetical comes from a case litigated in the Eastern District of Virginia Bankruptcy Court (without a published decision).

In what is a welcome development for companies that increasingly rely on outsourcing and independent contractors to perform work that was formerly handled by employees, courts nationwide have begun to protect communications to or from independent contractors who are the "functional equivalent" of corporate employees. *See*, *e.g., Viacom, Inc. v. Sumitomo Corp*. (*In re Copper Mkt. Antitrust Litig*.), 200 F.R.D. 213 (S.D.N.Y. 2001).

In the litigation on which this hypothetical is based, the Court held that the privilege did not protect communications with the independent contractors while they

worked just a few days a week at the company, did protect the communications once they began to work with the company full time, and did not protect communications once the consultant had become vendors.

Best Answer

The best answer to this hypothetical is **YES (AT LEAST SOME OF THE COMMUNICATIONS)**.

Limits to the "Common Interest" Doctrine

Hypothetical 5

You represent a bank in an important merger. You want to share privileged communications with your client's investment advisors, and have prepared an agreement articulating the "common interest" that the bank shares with the investment advisors. You were just about to send the agreement out for signature when one of the newest lawyers in the law department tells you that the agreement might not be effective in avoiding a waiver of the attorney-client privilege.

Is a court likely to find that you waived the attorney-client privilege by sharing privileged communications pursuant to a "common interest agreement" in this context?

YES (PROBABLY)

Analysis

This hypothetical comes from *Stenovich v. Wachtell, Lipton, Rosen & Katz*, 756 N.Y.S.2d 367 (N.Y. App. Div. 2003).

In that case, Wachtell represented Wells Fargo in connection with a bank merger. It shared privileged communications with investment advisors J. P. Morgan and Goldman Sachs. When private plaintiffs later sued the parties in connection with the merger, Wachtell claimed that the disclosure to the investment advisors did not cause a waiver, because they shared a “common interest” with the bank they were advising. The Court rejected this argument, finding that any common interest was “exclusively of a commercial nature” and therefore did not prevent a waiver. *Id*. at 378.

Even worse, the Court found that the disclosure to the investment advisors caused a subject matter waiver.

Best Answer

The best answer to this hypothetical is **PROBABLY YES**.

Different Waiver Rules for the Attorney-Client Privilege and the Work Product Doctrine

Hypothetical 6

You have been representing a well-known corporate executive in a criminal matter. You just received a motion from the government to compel your client's production of an e-mail in which she memorialized her recollection of the critical transaction at issue in the case against her. She had prepared the e-mail on her own initiative about one year before she was indicted, and then she sent the e-mail to you (without explicitly asking for your thoughts about it or for any advice). The government argues that the e-mail is neither privileged nor protected by the work product doctrine. The government also claims that your client waived any applicable protections because just after sending you the e-mail, she forwarded the underlying e-mail (and the cover e-mail to you) to her daughter.

(a) Is your client's e-mail protected by the attorney-client privilege?

YES

(b) Is your client's e-mail protected by the work product doctrine?

YES

(c) If the e-mail is privileged, did your client waive the privilege by sending it to her daughter?

YES

(d) If the e-mail is protected work product, did your client waive the protection by sending the e-mail to her daughter?

NO

Analysis

This hypothetical comes from *United States v. Stewart*, 287 F. Supp. 2d 461 (S.D.N.Y. 2003).

(a)-(b) In that opinion, the Southern District of New York found that Martha Stewart's e-mail was protected by the attorney-client privilege, even though her lawyer did not request that Martha Stewart prepare the memorandum.

The Court also held that the work product doctrine protected the e-mail, even though it would not have been used in the discovery process or at the trial. The opinion follows the Second Circuit's broad view of the work product doctrine, which protects any document which would not have been created "but for" the litigation -- even if the documents were not prepared "primarily" or "exclusively" because of the litigation.

(c)-(d) The Court held that Martha Stewart had waived the attorney-client privilege by sharing the e-mail with her own daughter -- which certainly highlights the fragility of the privilege.

In contrast, the Court held that Martha Stewart had not waived the work product doctrine by sharing the e-mail with her daughter. The Court's explanation of this different waiver result explained that -- unlike the attorney-client privilege -- the work product doctrine is not based on confidentiality and the intimacy of the attorney-client relationship, which means that work product can be shared with friends and allies without necessarily waiving that protection.

Best Answer

The best answer to questions **(a), (b), and (c)** is **YES**; and the best answer to question **(d)** is **NO**.

Danger of Waiver -- Within the Corporation

Hypothetical 7

You are advising your client's management about a personnel issue. One of your client's executive vice presidents wants to be on the list of those receiving any e-mails about personnel issues, even though he is not directly involved in any personnel decisions. A former employee suing your client has sought the production of all e-mails that the executive vice president sent and received, claiming that e-mails to or from the executive vice president about personnel issues do not deserve attorney-client privilege.

Can the participation of a company's executive vice president in otherwise privileged e-mail message traffic ever destroy the privilege?

MAYBE

Analysis

This hypothetical involves the requirement that lawyers and clients treat their communications with discretion and confidentiality if they hope to preserve the privileged nature of the communications.

A number of courts have indicated that corporations which reveal privileged information beyond those with a "need to know" risk either: (1) having the privilege not apply at all (because there is no "expectation of confidentiality"); or (2) waiving the privilege.[9]

The Southern District of New York dealt with this issue in *Verschoth v. Time Warner Inc.,* No. 00 Civ. 1339 (AGS) (JCF), 2001 U.S. Dist. LEXIS 3174, at *6-7, 9, 2, 4, 10 (S.D.N.Y. Mar. 22, 2001). In that case, the court found that Time Warner could not assert privilege for communications to or from, or in the presence of, a former assistant managing editor of Sports Illustrated, who continued to provide freelance editing for the magazine. The otherwise privileged communications related to an employment discrimination case brought by a Time Warner employee, who was a long-time friend of the editor. The court held that the editor "had no managerial responsibilities for the

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[9] *Restatement (Third) of Law Governing Lawyers* § 73 cmt. g at 562-63 (1998) ("The need-to-know limitation . . . permits disclosing privileged communications to other agents of the organization who reasonably need to know of the privileged communication in order to act for the organization in the matter. Those agents include persons who are responsible for accepting or rejecting a lawyer's advice on behalf of the organization or for acting on legal assistance, such as general legal advice, provided by the lawyer. Access of such persons to privileged communications is not limited to direct exchange with the lawyer. A lawyer may be required to take steps assuring that attorney-client communications will be disseminated only among privileged persons who have a need to know.) (citation omitted); The need-to-know properly extends to all agents of the organization who would be personally held financially or criminally liable for conduct in the matter in question or who would personally benefit from it, such as general partners of a partnership with respect to a claim for or against the partnership. It extends to persons, such as members of a board of directors and senior officers of an organization, whose general management and supervisory responsibilities include wide areas of organizational activities and to lower-echelon agents of the organization whose area of activity is relevant to the legal advice or service rendered."); *In re General Instrument Corp. Sec. Litig.*, 190 F.R.D. 527, 531 (N.D. Ill. 2000) ("Other documents have distribution lists so vast, or that clearly involve outside third parties, that there can be no valid claim of confidentiality."; ordering a corporation which had been sued in a derivative action to produce privileged documents under the fiduciary exception and because the corporation had filed an inadequate privilege log); *Alexander v. FBI*, 186 F.R.D. 154, 162 (D.D.C. 1999) (in lawsuit arising from "Filegate" scandal, the court held that the attorney-client privilege covered a date book maintained by a Department of Defense employee; finding that attorney-client privilege did not protect from disclosure otherwise privileged information one Department of Defense employee shared with another, because the Department of Defense did not establish why the second employee was obligated to receive the information); *Andritz Sprout-Bauer, Inc. v. Beazer East, Inc.*, 174 F.R.D. 609, 633 (M.D. Pa. 1997) ("The communications retain their privileged status if the information is relayed to other employees or officers of the corporation on a need to know basis. Only when the communications are relayed to those who do not need the information to carry out their work or make effective decisions on the part of the company is the privilege lost."); *Nance v. Thompson Med. Co.*, 173 F.R.D. 178, 181, 184 (E.D. Tex. 1997) ("Disclosure of privileged communications to non-lawyers within the company involved in the subject matter of the communication does not waive the privilege. As long as the communication is made, either from client to attorney or attorney to client, for the purpose of facilitating or obtaining legal advice in the course of a professional relationship, that communication is privileged." (citation omitted); finding that the attorney-client privilege protected from disclosure documents distributed to a doctor "when he was a high-level employee of the defendant" but did not protect documents sent to the same doctor "when he was serving as an outside consultant, not an employee of the defendant"); *Bank of New York v. Meridien Biao Bank Tanzania Ltd.*, No. 95CIV.4856(SS), 1996 WL 474177, at *2 (S.D.N.Y. Aug. 21, 1996) ("The burden is on the corporation asserting the privilege to show that it preserved the confidentiality of the communication by limiting dissemination only to employees with a need to know."; finding that "[t]he individuals who received copies of the memorandum were apparently vice presidents and an in-house attorney involved with the same issues" so "[d]istribution to this limited extent did not destroy the privilege"); *Bowne of New York City, Inc. v. AmBase Corp.*, 150 F.R.D. 465, 491 (S.D.N.Y. 1993) (holding that "disclosure of attorney confidences to corporate employees for purposes unrelated to the obtaining of legal services from the corporation's attorneys will vitiate the privilege," and warning that "[i]f a corporation wants the benefit of the privilege it should enforce a fairly firm `need to know' of the communication rule."). *See also* ABA LEO 398 (Oct. 27, 1995) (a lawyer who allows a computer maintenance company access to the client's files must ensure that the company establish reasonable procedures to protect the confidentiality of the information in the files, and would be "well-advised" to secure the company's written assurance of confidentiality).

employment issues discussed at the meeting," and therefore "it was not necessary" for him to be involved in the meeting or in later communications**.** The court also provided examples of the "need to know" standard.

> The "need to know" must be analyzed from two perspectives: (1) the role in the corporation of the employee or agent who receives the communication; and (2) the nature of the communication, that is, whether it necessarily incorporates legal advice. To the extent that the recipient of the information is a policymaker generally or is responsible for the specific subject matter at issue in a way that depends upon legal advice, then the communication is more likely privileged. For example, if an automobile manufacturer is attempting to remedy a design defect that has created legal liability, then the vice president for design is surely among those to whom confidential legal communications can be made. So, too, is the engineer who will actually redesign the defective part: he or she will necessarily have a dialogue with counsel so that the lawyers can understand the practical constraints and the engineer can comprehend the legal ones. By contrast, the autoworker on the assembly line has no need to be advised of the legal basis for a charge [sic] in production even though it affects the worker's routine and thus is within his or her general area of responsibility. The worker, of course, must be told what new production procedure to implement, but has no need to know the legal background."

at *6-*7.

Another court even found that a company's distribution of a privileged memorandum to six corporate employees created "serious doubts" as to its privileged nature. *Jonathan Corp. v. Prime Computer, Inc.*, 114 F.R.D. 693, 696 n.6 (E.D. Va. 1987).

Although it might make sense to allow management to involve themselves in all legal matters facing the company, a corporation probably waives the privilege by widely disseminating privileged information beyond those in corporate management with a "need to know."

This hypothetical is analogous to the situation the Southern District of New York assessed in a recent case. In January 2003, a Magistrate Judge ruled that an executive vice president was not within the narrow range of company executives with a “need to know” -- because the vice president was not involved in personnel decisions. The District Court overruled this holding about 18 months later. *Ashkinazi v. Sapir*, 2004 U.S. Dist. LEXIS 14523 (S.D.N.Y. 2004). Still, the Magistrate Judge's original opinion highlights the need for every lawyer to take care in limiting circulation of privileged communications within a corporation.

Cases such as this highlight the need to treat privileged communications like the “crown jewels” -- even within the company.

Best Answer

The best answer to this hypothetical is **MAYBE**.

Waiver Implications of Disclosing Protected Information to the Government

Hypothetical 8

At your urging, your company has been cooperating with the government in its investigation of and prosecution of two former executives at one of your subsidiaries. Before sharing any work product with the government, you receive an explicit representation that neither your company nor its subsidiary is a "target" of the investigation. You also arranged for strict confidentiality and non-waiver agreements, and even lined the government up to join you in arguing that sharing the work product with the government in this situation did not cause a waiver.

Does sharing work product with the government in this situation waive the work product protection?

YES (PROBABLY)

Analysis

Although decisions over the years have taken differing positions on this issue, the recent trend clearly has been in favor of finding a waiver of all protections when companies share protected material with the government (either privileged material or work product -- despite the different waiver rules that allow sharing of work product more readily).

As a theoretical matter, some courts held out the possibility that sharing work product with the government did not create a waiver. In re Grand Jury Proceedings, No. M-11-188 (LAP), 2001 U.S. Dist. LEXIS 2425, at *63 (S.D.N.Y. Mar. 2, 2001). For instance, if the private party has an interest allied with the government's interest, sharing work product with the government may not waive the work product protection. In re Visa Check/Mastermoney Antitrust Litig., 190 F.R.D. 309, 314 (E.D.N.Y. 2000).

However, a string of recent cases has held that companies always waive the work product protection by sharing work product with the government. Tyco Int'l, Inc. Multidistrict Litig., MDL Dkt. No. 02-1335-B, 2004 U.S. Dist. LEXIS 4541 (D.N.H. Mar. 19, 2004); Spanierman Gallery v. Merritt, No. 00 Civ. 5712 (LTS)(THK), 2003 U.S. Dist. LEXIS 22141 (S.D.N.Y. Dec. 5, 2003); McKesson HBOC, Inc. v. Superior Court, 9 Cal. Rptr. 3d 812 (Cal. Ct. App. 2004); McKesson Corp. v. Green, Nos. A03A2428 & A03A2429, 2004 Ga. App. LEXIS 326 (Ga. Ct. App. Mar. 8, 2004).

One recent case has taken the opposite approach, but it is too early to tell if that case is an aberration or represents a new trend. In re McKesson HBOC, Inc. Sec. Litig., Nos. C-99-20743 RMW & C-00-20030 RMW, 2005 U.S. Dist. LEXIS 7098 (N.D. Cal. Mar. 31, 2005).

One court has held that sharing work product with the government waives the protection applicable to fact work product, but not opinion work product. In re Martin Marietta Corp., 856 F.2d 619, 625 (4th Cir. 1988), cert. denied, 490 U.S. 1011 (1989).

Best Answer

The best answer to this hypothetical is **PROBABLY YES**.

Waiver Implications of Disclosing Protected Information to an Outside Auditor

Hypothetical 9

You think that you understand and appreciate the different waiver rules covering the attorney-client privilege and the work product doctrine. However, you just received a call from your company's CFO that requires you to quickly apply your knowledge. Your CFO tells you that the company's auditor wants to see a copy of material protected by the attorney-client privilege and the work product doctrine, so that it can assess the possible liability your client faces in a large lawsuit.

(a) Does sharing material protected by the attorney-client privilege with the outside auditor waive that protection?

YES

(b) Does sharing material protected by the work product doctrine with the outside auditor waive that protection?

MAYBE

Analysis

(a) Given the fragility of the attorney-client privilege, it has always been clear that companies sharing privileged information with their outside auditors waive the privilege protection. Medinol, Ltd. v. Boston Science Corp., 214 F.R.D. 113 (S.D.N.Y. 2002); Restatement (Third) of Law Governing Lawyers § 71 cmt. e at 546 (1998); United States v. South Chicago Bank, No. 97 CR 849-1, 2, 1998 U.S. Dist. LEXIS 17445, at *7-8 (N.D. Ill. Oct. 16, 1998); In re Subpoena Duces Tecum Served on Willkie Farr & Gallagher, No. M8-85(JSM), 1997 WL 118369, at *3 (S.D.N.Y. Mar. 14, 1997).

Although the privilege can cover communications between lawyers and consultants (including accountants) who are helping them give legal advice to their clients, a company's outside auditor by definition could not be serving that function while also acting as an auditor.

(b) Several earlier cases had indicated that company might be able to share work product with their auditors without waiving the work product protection -- because the outside auditors were not the company's adversaries. In re Pfizer Inc. Securities Litigation, No. 90 Civ. 1260(SS), 1993 U.S. Dist. LEXIS 18215, at *22-23 (S.D.N.Y. Dec. 22, 1993); Gramm v. Horsehead Industries, Inc., No. 87 Civ. 5122(MJL), 1990 U.S. Dist LEXIS 773, at *16 (S.D.N.Y. Jan. 25, 1990).

One recent case held that a company sharing work product with its outside auditor waived the work product protection. Medinol, Ltd. v. Boston Science Corp., 214 F.R.D. 113 (S.D.N.Y. 2002).

A more recent case takes the opposite position -- finding that a company sharing work product with its outside auditor did not waive the work product protection. Merrill Lynch & Co., Inc. v. Allegheny Energy, Inc., 2004 U.S. Dist. LEXIS 21543 (S.D.N.Y. 2004) (acknowledging that the earlier Medinol decision took the opposite approach, but finding that Merrill Lynch did not have a "tangible adversarial relationship" with its auditor Deloitte & Touche, so that Merrill Lynch had not waived the work product protection covering an internal investigation report by sharing that report with Deloitte & Touche; noting that Deloitte & Touche concluded that the report "did not impact" Deloitte's audit work or Merrill Lynch's financial statements; pointing to Deloitte's "ethical and professional obligation" to maintain the confidentiality of materials received from Merrill Lynch; concluding that finding a waiver of the work product protection in such

circumstances "could very well discourage corporations from conducting a critical self-analysis and sharing the fruits of such an inquiry with the appropriate actors").

This new debate has caused great concern to in-house lawyers, who find themselves pressured by outside auditors to disclose litigation-related analyses, litigation outcome predictions, etc., -- yet justifiably worry about waiving the work product protection that would otherwise entitle the companies to withhold such documents from the private plaintiffs against whom they are litigating.

Best Answer

The best answer to question **(a)** is **YES,** and the best answer to question **(b)** is **MAYBE**.

Scope of the "Subject Matter" Waiver Doctrine in Patent Infringement Cases

Hypothetical 10

Your company has been involved in a high-profile patent infringement case. You were careful to avoid hiring as litigation counsel the law firm that provided your client with a non-infringement opinion. However, you just received a call from your lead litigator telling you that the adversary is claiming that the attorney-client privilege does not protect communications among the client, you, and the litigator. The adversary also wants to see memoranda that you and the litigator prepared but never sent to the client. Given your understanding of the "advice of counsel" defense, you are surprised by both the temporal and the substantive scope of the waiver argument being pursued by your adversary.

Is your adversary likely to succeed in seeking the production of these documents?

MAYBE

Analysis

This hypothetical comes from *Akeva L.L.C. v. Mizuno Corp.*, 243 F. Supp. 2d 418 (M.D.N.C. 2003).

Although patent infringement litigation has some unique qualities that probably prevent principles applicable to such litigation being generally applied elsewhere, such litigation does provide a sobering analysis of the subject matter waiver.

For obvious reasons, litigants relying on “advice of counsel” to preclude liability, reduce damages, etc., must produce all communications to or from the lawyer on whose advice the litigant is relying. In fact, the implied waiver generated by an “advice of counsel” defense provides a textbook example of how simple fairness results in a “subject matter waiver.”

Unfortunately for many litigants, this concept brings extreme results in patent infringement litigation. This is because courts hold that selling infringing products is a continuing wrong -- meaning that a company being advised at any point (even on the morning of trial) that its products infringe some other company's patent must immediately stop selling the product.

As a result of these two concepts, some courts hold that the subject matter waiver created by a company accused of patent infringement which relies on "advice of counsel" to avoid multiple damages extends temporally right up to the time of trial, and also extends to communications to or from other lawyers (even trial counsel). The *Akeva* Court went this far, although other courts are not quite as extreme.

Best Answer

The best answer to this hypothetical is **MAYBE**.

Deposing In-House Lawyers

Hypothetical 11

You are shocked to receive word from your outside litigation firm that plaintiffs suing your company want to take your deposition. You know that the law imposes a higher burden on litigants seeking to depose opposing counsel, and you want to know the odds that you will have to undergo a deposition.

Does the heightened standard covering lawyer depositions apply to in-house transactional lawyers?

NO (PROBABLY)

Analysis

Although not every court follows the same approach, most courts require lawyers seeking to depose their adversaries to meet a heightened standard. *Shelton v. American Motors Corp.*, 805 F.2d 1323 (8th Cir. 1986).

Under the *Shelton* standard, a lawyer seeking to take such a deposition must establish that the privilege does not protect the information sought, the information is very important, and cannot be obtained through alternative means. In essence, lawyers can depose their opponents under this standard only if the deposition is a "last resort."

However, some courts do not apply this heightened standard to transactional lawyers. *See, e.g.*, *Anserphone of New Orleans, Inc. v. Protocol Comms. Inc.*, Civ. A. No. 01-3740 Section: "A"(1), 2002 U.S. Dist. LEXIS 16876 (E.D. La. Sept. 9, 2002).

Best Answer

The best answer to this hypothetical is **PROBABLY NO**.

In-House Lawyers' Wrongful Termination Claims

Hypothetical 12

You realize now that you should have followed your initial instinct, and not hired a particular in-house lawyer who proved to be "high maintenance" until he left your company two weeks ago. You just heard that your former colleague has just filed a wrongful termination claim against your client.

May in-house lawyers file wrongful termination claims against their former clients/employers?

YES (PROBABLY)

Analysis

Early cases tended to hold that in-house lawyers could not bring wrongful termination claims, both because it would violate their duty of loyalty to their clients, and because the claims might well require disclosure of privileged and confidential information that the client should not have to forfeit.

The recent case law had been trending in the other direction. *See, e.g.*, *O'Brien v. Stolt-Nielsen Transp. Group, Ltd.*, 838 A.2d 1076 (Conn. Super. Ct. 2003).

Best Answer

The best answer to this hypothetical is **PROBABLY YES**.

Risks of In-House Paralegals Acting Independently

Hypothetical 13

Your company is engaged in a bitter intellectual property fight with one of its main business competitors. The adversary has just moved to compel the production of e-mail message traffic to and from a paralegal who has worked for many years in your company's law department. The adversary claims that the communications with the paralegal do not deserve privilege protection because she was not helping you and your colleagues give legal advice.

Is your adversary's argument likely to succeed?

MAYBE

Analysis

Although it thankfully appears to be an aberrational case, one District Court decision held that the attorney-client privilege did not cover communications to or from a long-time in-house paralegal, because the paralegal was providing her own advice rather than assisting a lawyer in providing legal advice to the company. *HPD Labs., Inc. v. Clorox Co.,* 202 F.R.D. 410 (D.N.J. 2001).

Best Answer

The best answer to this hypothetical is **MAYBE**.