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Attorney Client Privilege: Pre-Suit Communications, Deposition Preparation, and Best Practices

September 24, 2024

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Agenda

- Is It Privileged?
- Attorney Client Privilege
- London Luxury, LLC v. Walmart, Inc.
- Common Interest / Due Diligence
- Privilege Issues in Foreign Jurisdictions
- Best Practices for Keeping Privilege

Is It Privileged?

- July 20—Senior in-house counsel for Google sits in on presentation from Oracle accusing company of infringing its patents
- July 30—GC and senior in-house counsel meet with engineer to formulate a response to infringement claims
- August 6—Google engineer sends email to VP Marketing, copying in-house counsel

Attorney Work Product

Google Confidential

Hi Andy,

This is a short pre-read for the call at 12:30. In Dan's earlier email we didn't give you a lot of context, looking for the visceral reaction that we got.

What we've actually been asked to do (by Larry and Sergei) is to investigate what technical alternatives exist to Java for Android and Chrome. We've been over a bunch of these, and think **they all suck**. We conclude that we need to negotiate a license for Java under the terms we need.

In re Google Inc., 462 F. App'x 975, 976 (Fed. Cir. 2012)

Is It Privileged?

- Email directed to management, not attorneys
- The ask came from executives, not attorneys
- Nothing in the email indicates the engineer sent the email in anticipation of litigation or to further the provision of legal advice

Not Privileged

Attorney Client Privilege

"You keep using that word. I do not think it means what you think it means."

--Inigo Montoya

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Attorney Client Privilege—Generally

- **Complicated, nuanced area: ripe for potential ethical shortcuts (e.g., privilege logs)**
- **Exacerbated for in-house counsel, who play dual roles of a trusted legal advisor and a business advisor**
- **Whether attorney-client privilege applies is fact-based, determined on case-by-case basis**

Attorney Client Privilege—What's Protected?

- **The attorney-client privilege protects from disclosure communications conducted in confidence for the purpose of obtaining or providing legal advice**
  - Regardless of whether the purpose has to be "primary," or "significant" or something in between, a privileged communication must be for seeking or providing legal advice

- **Federal Rule of Evidence 502**
  - Confidential communications between attorneys and clients concerning legal advice are privileged under the doctrine of attorney-client privilege

- **Work Product: Federal Rule of Civil Procedure 26(b)(3)**
  - Party's documents and notes – including those of the parties' representatives and attorneys – made primarily in anticipation of litigation are privileged under the work product doctrine.

Attorney Client Privilege—The Components

- **Communication**
  - Client's request for legal advice, disclosure of facts so they can get legal advice, a lawyer's request for facts so they can provide legal advice, and provision of advice
  - In-house counsel context: "client" is considered to be the legal corporate entity and not the corporation's individual officers, directors, shareholders, or employees
- **In Confidence**
  - Generally does not apply to agents, consultants, or other third parties
  - Exact standards vary by jurisdiction, so caution is warranted when including any third party in an attorney-client communication
- **Legal Advice**
  - Made primarily in anticipation of litigation are privileged under the work product doctrine.
  - Only applies to the provision of legal advice, not provision of business advice

Attorney Client Privilege—What's *Not* Covered?

- **Underlying facts of a matter are always discoverable**
  - Privilege cannot (and should not) be used to protect facts from being discovered
  - Disclosure routinely upheld by courts to protect against clients and attorneys "privileging" everything in order to obfuscate the truth
- **Client communications that do not involve a lawyer (or a nonlawyer acting as an agent for a lawyer)**
  - Even if the communication originally came from an attorney, is subsequently forwarded to an attorney for advice, or concerns how to handle a legal situation.
- **Privilege cannot be used to facilitate or conceal a crime or fraud, such as perjury and witness tampering**
  - Applicable where evidence of crime or fraud is only present for the attorney or is only present for the client, or both
  - In some states, this exception extends to commissions of civil torts, such as unlawful evictions or intentional infliction of emotional harm

Primary Purpose Rule: Dual-Purpose Communications

- **In re Grand Jury, 23 F. 4th 1088 (9th Cir. 2021)**
  - "Primary purpose" (legal/business) vs. "Because of" (totality) tests
  - Follows sister circuits and adopts primary purpose test
  - Declines to decide "The Primary Purpose" vs. "A Primary Purpose"
  - Supreme Court grants cert., set for 1Q23 argument, then changes mind
- **Federal Common Law**
  - No presumption that a company's communications with counsel are privileged. *Equal Emp. Opp. Comm'n v. BDO USA, LLP*, 876 F.3d 690, 696 (5th Cir. 2017)

So The Privilege Applies…But Is It Waived?

- **Several types (most bad)**
  - Express Waiver
    - Public Statements
    - Due Diligence
  - Inadvertent Waiver
    - Non-control group employees
  - Implied Waiver
    - Putting Privilege at issue (e.g., in-house state of mind)



- **Once Waived, Generally Cannot Be Resurrected**

A Recent Case Study

London Luxury, LLC v. Walmart, Inc.

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London Luxury, LLC v. Walmart, Inc. (W.D. Ark. Mar. 2024)

- **Breach of Contract, fraud, and tortious interference dispute related to provision of medical grade nitrile gloves during COVID pandemic**
  - London Luxury sued, Walmart counterclaimed; lot of discovery disputes, including privilege disputes regarding communications between/among/related to multiple in-house attorneys
- **Generally Upheld Work Product Privilege Where**
  - Walmart produced redacted documents that excerpted out lawyer input from substantive communications being sent
  - Lawyer input that was redacted out legitimately so, because it included responding to comments requesting legal advice
- **But one exception existed…**
  - A five-page instant message string between two business employees
  - "Although the two speak about legal advice previously shared by a Walmart attorney . . . no attorney was a party to the communication [and so] the privilege was waived when the advice was repeated beyond the scope" of need to know

London Luxury, LLC v. Walmart, Inc. (W.D. Ark. Mar. 2024)

- **In-house lawyer #1**
  - Not consulted in litigation or pre-litigation context, and not asked for specific legal advise about substantive issues
  - Worked with business unit to "advise non-lawyer related to structure of business transactions being negotiated"; then was disclosed as a trial witness
  - Result--subject matter waiver: "[Her] role is inextricably baked into the center of the parties' contentions on their competing breach of contract claims"
- **In-house lawyer #2**
  - Early pre-suit involvement in glove transaction, giving "legal advice about Walmart's exposure"
  - Legal advice was "shared widely within Walmart and took on a life of its own," including lawyer's conclusion that "Walmart is on the hook"
  - Document was inadvertently produced, and not allowed to be clawed back because privilege had been waived

Common Interest / Due Diligence

"We got way too much in common, since I am being honest with you."

--Alicia Keys

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Common Interest Privilege/Agreements

- **Exceptions to Waiver –** sharing privileged information is **not** a waiver when there is a common legal interest or joint privilege

- **Common Legal Interest Agreement**
  - agreement between parties that share a legal interest and who wish to share privileged information without waiving the attorney-client privilege.
  - extends privileges (A-C and W-P) to allow parties represented by different counsel to share information without waiving privilege
  - Caution: Take care with settlement and indemnity agreement discussions

- Such an agreement is more likely to be effective near the end of the diligence process (when a party needs more (privileged) information to become comfortable enough to move ahead with the transaction). Generally, not effective earlier on – especially if multiple suitors still involved

10X Genomics v. Celsee, 505 F.Supp.3d 334 (D. Del. 2020)

- **During the litigation, non-party Bio-Rad Laboratories acquired 100% of Celsee's stock pursuant to an acquisition agreement.**
- In depositions, Celsee instructed two witnesses not to answer questions relating to documents and communications from Celsee to Bio-Rad shared after an LOI but before consummation of the acquisition agreement
- **10X moved to compel the deposition of a witness to obtain this information**
- **To meet its burden that the common interest privilege applied, Celsee had to show:**
  - "the interests it claims to hold in common with Bio-Rad are 'identical, not similar, and [are] legal'… and that the communications it seeks to protect 'would not have been made but for the sake of securing, advancing, or supplying legal representation'"

Mitigating Risk When Evaluating Confidential Information During Diligence

- Due diligence work necessarily involves communicating with third parties and asking for/reviewing third party information – often sensitive in nature, and time is of the essence How to reduce risk?
- **Avoid waiving privilege during due diligence and also try to reduce the risk of the other party waiving privilege**
  - Do not share (or ask for) opinion letters or anything that is attorney-client privileged
  - Sharing privileged information may result in full subject matter waiver
- **Plan for staged disclosure:**
  - First request public information
  - Enter into a confidentiality agreement
  - Disclose prior art of potential relevance – only the documents, *not* the analysis
  - Discuss the issues by phone
- **Consider using outside counsel (instead of in-house personnel) to review confidential information to reduce contamination risk**

Privilege Issues in Foreign Jurisdictions

"The past is a foreign country; they do things differently there."

--L.P. Hartley

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Tests for Which Privilege Applies

- **"Touch base" test**
  - "any communications touching base with the United States will be governed by the federal discovery rules while any communications related to matters solely involving [a foreign country] will be governed by the applicable foreign statute"
    - ***Astra Aktiebolag v. Andrx Pharms., Inc.*, 208 F.R.D. 92, 98 (S.D.N.Y. 2002)**
- **"Functional" test**
  - The court "look[s] to the foreign nation's law to determine the extent to which with the privilege may attach" to communications with a foreign patent agent.
    - ***Smithkline Beecham Corp. v. Apotex Corp.*, 193 F.R.D. 530, 535 (N.D. Ill. 2000)**

Privilege Issues in International Settings

- Due diligence projects and litigations are often global and may involve documents and information from countries with varying privilege laws and privacy laws.
- Depending on the country, work product and communications with patent agents may or may not be privileged.
- Do not assume U.S. Privilege law is the law of all jurisdictions

- **BEST PRACTICE – consult lawyers in each jurisdiction to understand that country's privilege law/issues and then develop a plan for the treatment of information and maintenance of the privilege in that country. Also understand the players involved at a company level.**

Best Practices for Keeping Privilege

"An ounce of prevention is worth a pound of cure."

--Benjamin Franklin

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Good Communication Hygiene: Test Yourself

- **Am I Sure I Want What I Said Known Publicly?**
  - Do I assume your communication will be seen in open court?
  - Do I avoid making conclusory/absolute statements, or statements assessing liability?
- **Am I Sure I Am Not Being Careless?**
  - Do I overuse the privilege legend?
  - Do I update the subject line on email strings?
  - Do I forward documents beyond the people that need to know within the organization?
- **Am I Sure My Technology Won't Cause A Problem?**
  - Do I use my personal email/phone to send or text privileged information?
  - Do I use collaborate environments (e.g., Teams/Slack/Skype) appropriately?

Privilege – Best Practices

- **Appreciate the difference between legal advice and business advice**
  - Legal advice – advising on existing law, advising on litigation or potential litigation
  - Business advice – attending business meetings, act as a note-taker, market strategy
  - Document lawyer's role in ongoing projects in meeting minutes, memos, and other corporate documents
  - Ensure the content of the email clearly reflects the request for legal advice (e.g., "so that you can provide legal advice" or "this responds to your request for legal advice")
- **Send separate emails or memos that focus on the legal issues in a dual-purpose matter**
  - Avoid including consultants (including internal "consultants" who function as employees), contractors, or third parties in communications with the company's lawyers
  - Confirm accuracy of email distribution lists

Privilege – Best Practices

- **Be mindful with instant messaging and online collaboration tools**
  - It is even more important to maintain good privilege hygiene for these informal methods of communication
- **If you are using channel-based platforms for privileged communications:**
  - Create separate, designated channels for privileged communications
  - Only use those designated channels for privilege communications
  - Limit access to the designated channel to the counsel rendering legal advice and those with a need to know the legal advice
  - Clearly label legal advice and requests for legal advice

Privilege – Best Practices

- **Educate non-legal employees**
  - Regularly refresh employees on scope/limits of attorney client privilege
  - Expressly say in an email that they are relaying legal advice if that's the case
  - Do not forward emails containing legal advice without permission
  - Urge business leaders to come to you with questions
  - Urge business leaders to come to you immediately if they believe a privileged communication has been inadvertently shared or disclosed



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