# ALFA INTERNATIONAL | Webinar Series

## *Stemming the Tide: Preventing the Erosion of the Attorney Client Privilege*

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# Historic Basis for Privilege

- The rule which places the seal of secrecy upon communications between client and attorney is founded upon the necessity, in the interest and administration of justice, of the aid of persons having knowledge of the law and skilled in its practice, which assistance can only be safely and readily availed of when free from the consequences or the apprehension of disclosure.
- But the privilege is that of the client alone, and no rule prohibits the latter from divulging his own secrets; and if the client has voluntarily waived the privilege, it cannot be insisted on to close the mouth of the attorney.

***Hunt v. Blackburn*, 128 U.S. 464, 470, 9 S. Ct. 125, 127 (1888)**

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# Modern Statement

Privilege applies only if:

1. the asserted holder of the privilege is or sought to become a **client**
2. the person to whom the communication was made (a) is a member of the bar of a court, or his subordinate and (b) in connection with this communication is acting as a **lawyer**
3. the **communication** relates to a fact of which the attorney was informed (a) **by his client** (b) **without** the presence of **strangers** (c) for the **purpose** of securing primarily either (i) an **opinion** on law or (ii) **legal services** or (iii) **assistance** in some legal proceeding, and **not** (d) for the purpose of committing a **crime or tort**; and
4. the privilege has been (a) **claimed** and (b) **not waived** by the client.

***United States v. United Shoe Mach. Corp.*, 89 F. Supp. 357, 358-59 (D. Mass. 1950) (Wyzanski, J.)**

# Communication to Member of Bar

- The communication must be made
  - To member of bar of any court , or
  - To person reasonably perceived by client to be one

*John Ernst Lucken Revocable Tr. v. Heritage Bancshares Grp., Inc.*, No. 16-CV-4005-MWB, 2017 U.S. Dist. LEXIS 21299, at *3-4 (N.D. Iowa Feb. 15, 2017); *Walter v. Freeway Foods, Inc. (In re Freeway Foods of Greensboro, Inc.)*, Nos. 10-11282, 10-02057, 2014 Bankr. LEXIS 1823, at *4-5 (U.S. Bankr. M.D.N.C. Apr. 24, 2014).

# Primary Purpose = Legal Advice

- Primary purpose must be to secure or provide **legal advice**
- As opposed to
  - business advice
  - personal advice, or
  - in government context, policy advice.

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# Primary Purpose = Legal Advice

- Investigative report does not become privileged merely because it was sent to attorney.
- Nor is report privileged merely because investigation was conducted by attorney.
- Lawyer's communication is not cloaked with privilege when lawyer is hired for business or personal advice, or to do the work of a non-lawyer.
  - *Pritchard*, 473 F.3d at 419.
  - *Spectrum Sys. Int'l Corp. v. Chem. Bank*, 78 N.Y.2d 371, 379, 575 N.Y.S.2d 809, 815, 581 N.E.2d 1055, 1061 (1991).

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# Confidential Intention

- Communication must have been intended to be kept confidential.
- Courts have consistently refused to apply privilege to information that client intends or understands may be conveyed to others.
- *Griffith v. Davis*, 161 F.R.D. 687, 694 (C.D. Cal. 1995).

# Kept Confidential

- Communication must have been in fact kept confidential
- Some inconsistent rulings on use of work email
- Emails sent from employer's computers not protected even though employee used web-based email system.
  - *Aventa Learning, Inc. v. K12, Inc.*, 830 F. Supp. 2d 1083 (W.D. Wash. 2011)
- Client's communications sent using password-protected web-based email account (Yahoo) protected, even though client's employer able to retrieve emails from web cache after client/ee returned laptop
  - *Stengart v. Loving Care Agency, Inc.*, 201 NJ 300, 990 A.2d 650 (2010)

# Common Misconceptions

- Does not include all communications in presence of counsel
- Does not include all communications to/from counsel
- Must relate to securing or providing **legal advice**
- Higher level of scrutiny for in-house counsel
  - Especially where in-house counsel has additional titles or responsibilities
  - Complicates question of legal vs. business advice

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# Example

Manufacturer discusses discontinuance of product or model which is subject of pending or possible litigation

1. Impact of decision on litigation
2. Impact on market share
3. Costs involved
4. Possible downsizing or terminations & impact on union contract

# Example

Manufacturer considering new product with similar design or packaging to competitor model

1. Patent and trademark implications
2. Marketing/branding strategies
3. Costs and anticipated revenue
4. Possible competitor reactions

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# Common Mistakes

1. Failing to separate legal from business advice
2. Use of staff or AI without adequate supervision
3. Failing to properly designate privileged communications
4. Over-designating non-privileged communications
5. Excessive reliance on 3rd parties
6. Not educating client recipients about above

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# Legal vs Business Advice

- Defendants permitted to depose attorney described as “field general” of plaintiffs' lobbying, media and public relations, fund raising, and other activities
- Deposition limited to non-privileged matters
- *In re Chevron Corp.*, 749 F. Supp. 2d 141, 144 (S.D.N.Y.), *aff’d sub nom.*, *Lago Agrio Plaintiffs v. Chevron Corp.*, 409 F. App'x 393 (2d Cir. 2010)

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# Assessing Primary Purpose to Render or Solicit Legal Advice

- Should be assessed dynamically and in light of the advice being sought or rendered
- Consider relationship between advice that can be rendered **only** by consulting legal authorities vs. advice that can be given by non-lawyer
- *In re County of Erie*, 473 F.3d 413, 420-21 (2d Cir. 2007)

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# Assessing Primary Purpose

- General Counsel often wears multiple hats
  - At board meetings
  - Other meetings, events
  - Finance, business strategy
- By trying to bring too much under privilege, counsel risks exposing everything

# Key Take-Away

- Overuse of privilege designation can jeopardize even the privileged communications

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# SOLUTIONS

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# Separating Legal vs Business in Meetings

1. Segregate privileged discussions
2. Consider closed sessions
3. Excuse non-essential participants
4. Segregate minutes and notes reflecting remaining attendees/participants
5. Recognize where there is dual purpose or track and segregate accordingly

# Separating Legal vs Business in Written Communications

1. Segregate requests for legal advice; address with separate memo or email; use separate heading
2. Use proper subject matter designations and explicitly state need for confidentiality
3. Avoid rubber stamping designation
4. Use designations selectively
5. Maintain confidentiality by restricting circle of recipients

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# Maintaining Proper Supervision

- Privilege can extend to support staff & outside investigators provided they are working under adequate supervision of counsel
- Non-attorneys may conduct interviews and other activities, as long as counsel oversees overall investigation
- Communications made by and to non-attorneys serving as agents of attorneys in internal investigations are routinely protected by the attorney-client privilege
- *In re Kellogg Brown & Root*, 756 F.3d 754 (D.C. Cir. 2014) ("*In re KBR*")

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# Maintaining Proper Supervision: ABA Model Rule 5.3(b)

- Lawyer having direct supervisory authority over non-lawyer shall make reasonable efforts to ensure that non-lawyer's conduct is compatible with professional obligations of lawyer
- Model Rule 5.3 **title** – Responsibilities Regarding Nonlawyer Assistants
  - Counsel need to make sure product is accurate and reliable
  - That AI program is reasonably secure

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# Limiting Internal Circulation

- Must relate generally to employee's corporate duties
  - *FTC v GlaxoSmithKline,* 294 F. 3d __ (  Cir., 20__).
- Some courts acknowledge that one non-attorney employee can forward to another
  - *Apsley v Boeing Co.* 2008 LEXIS 99515 (D. Kam., Dec. 9, 2008), *Baptiste v. Cushman & Wakefield Inc.,* 2004 LEXIS 2579 (S.D.N.Y.. Feb. 20, 2004).

# Limiting Internal Circulation

- Shift away from need-to-know test to “proper circle of confidentiality”
  - *Wellnx Life Sci. Inc. v. Lovate Health Sci. Res. Inc.,* 2007 LEXIS 39290 (S.D.N.Y. May 22, 2007).

# Educating Recipients

Brief them on basic rules:

1. What cannot be shared
2. With whom AC cannot be shared
3. Consequences of over-sharing to company
   a) For board members – may be breach of fiduciary duty

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# Careful Use of Outside Entities

- Public relations firm
- Accountant
- Auditor
- Investment analyst

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# Who is Agent of Client? Functional Equivalent Test

- Broad view: Was communication for the purpose of obtaining or providing legal advice?
  - *In Re Flonase Antitrust,* 879 F Supp 2d 454 (ED Pa. 2012)
- Financial advisor who did not have primary responsibilities for company functions, or close and continuous relationship with company principals was not agent.
  - *Export Import Bank v Asia Pulp & Paper Co,* 232 F.R.D. 103 (SDNY, 2005)
- Independent contractor who secured tenants and worked with architect, etc. was functional equivalent.
  - *In re Bieter Co.* 16 F. 3d. 3d 929 ( 8th Cir. 1994)

# Applying Privilege to Independent Insurance Adjusters

- No rational distinction between applying AC privilege to confidential communications between insurer's counsel and its claims employee ... but refusing to apply privilege to counsel's confidential communications with independent adjuster who performs same functions as "in-house" claims employee.
- *Residential Constructors, LLC v. ACE Property & Cas. Ins. Co.*, No. 2:05-CV-01318, (D. Nev. Nov. 1, 2006).

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# Applying Privilege to Independent Insurance Adjusters

- Insurer's outside adjuster was insurer's agent and his communications with counsel protected by AC privilege
- Presence of third party **who is agent of client** will not destroy AC privilege
- *Safeguard Lighting Sys., Inc. v. N. Am. Specialty Ins. Co*., No. Civ. A. 03-4145, (E.D. Pa. Dec. 30, 2004)

# Third Party Assistance to Counsel

Accountant or other agent may be necessary to help attorney understand client's situation

Two approaches to *U.S. v. Kovel,* 296 F. 2d 918 (2d Cir. 1961):

1. Narrow view: third party role must be comparable to that of a translator
2. Broad view: as long as presence of third party facilitates attorney's ability to render legal advice

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# Third Party Assistance to Counsel

- Role must be "highly useful" as opposed to convenient
  - *Cavallaro v. U.S.,* 284 F. 3d 236 (1st Cir. 2002)
- Does not extend to regular financial counseling
  - *Summit Ltd. V. Levy,* 111 F.R.D. 40 (SDNY, 1986)
- Audit firm hired to examine contracts for cost saving and bolstering bottom line not within scope of privilege
  - *Golf Co. v. Screen Actors Guild,* 2009 WL 81387 (SD Cal 2009)

# Third Party Assistance to Counsel

- Limited to where attorney is relying on third party "to translate or interpret" client information
- *U.S. v. Ackert,* 169 F. 3d 136 (2d Cir. 1999)

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# Third Party Assistance to Counsel

- Outside firm hired to work with in-house counsel to prepare employee questionnaire, evaluate responses and – using guidelines prepared by in-house counsel – determine who met requirements as exempt under FLSA
- Implementation of survey system was privileged because counsel lacked technical expertise to do what consulting firm did
- Consulting firm's analysis and classification of data from surveys not privileged because attorney could have done that without assistance

***In Re Refco Sec. Litig.*, 280 F.R.D. 102 (SDNY 2011).**

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# Third Party Assistance to Counsel: Investment Banker/Financial Consultant

- Use of investment banker to advise counsel as to what was material falls within scope of privilege
  - *Calvin Klein Trademark Tr. V. Wachner,* 124 F. Supp.2d 207 (SDNY, 2000).
- Privilege extends to communications with financial advisor in role of assisting counsel
  - *Urban Box Office Network Inc. v. Interface Managers, L.P,* 2006 WL 1004472 (S.D.N.Y. Apr. 17, 2006).

# Third Party Assistance to Counsel: Media/PR Consultant

- Can include advice on media response
- Advising client on how to respond to media inquiries has important legal implications when client will issue public statement about employee
  - *Alomari v. Ohio Dep't of Pub. Safety*, 626 F. App'x 558, 570 (6th Cir. 2015)
- Recognition that cases are often won or lost in the media, well before trial???

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# Third Party Assistance to Counsel: Media/PR Consultant

- Ordinary media campaign strategy is "not a litigation strategy"
  - *Haugh v. Schroder Inv. Mgmt. N. A. Inc.,* 2003 WL 21998674 (SDNY, 2003)
- Is it intertwined with legal issues?
  - *FTC v. GlaxoSmithKline,* 294 F. 3d 141 (DC Cir., 2002)

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# Third Party Assistance to Counsel: Media/PR Consultant

- Common interest privilege not extended to communications with PR consultant hired by petitioner's attorney to wage social media campaign while lawsuit was pending where petitioner failed to prove that communications were necessary for attorney's representation
- In *BouSamra v. Excela Health*, No. 1637 WDA 2015, 2017 PA Super 235 (July 19, 2017)

# Legal Advice to Insurer

- AC privilege applies in bad faith claims unless carrier claims “advice of counsel” as defense
- Subtle distinction between advice of counsel defense and defense based upon correct course of conduct

# Legal Advice to Insurer

- *Aetna Cas. & Sur. Co. et al. v. Superior Court*, 153 Cal. App. 3d. 467, 475 (Cal. Ct. App. 1984).
- Aetna is not saying that their conduct was reasonable **because their counsel opined so,** but rather that their conduct was reasonable because the **facts** indicated that no valid claim existed.
- Aetna claims it acted as it did **not** because it was advised to do so, but because the advice was, in its view, correct; it is prepared to defend itself on the basis of that asserted correctness rather than mere fact of advice.
- Such a defense does not waive the attorney-client privilege.

# Caution on Over-Expanded Attorney Role

- When attorney's role is over-expanded, protection may be limited
- Attorney described as "field general" of plaintiffs' lobbying, media and public relations, fund raising, and other activities allowed to be deposed by defendants as to non-privileged matters
  - *In re Chevron Corp.*, 749 F. Supp. 2d 141, 144 (S.D.N.Y.), *aff'd sub nom*., *Lago Agrio Plaintiffs v. Chevron Corp.*, 409 F. App'x 393 (2d Cir. 2010)

# Communications Not Covered

- Communications/advice from licensed attorney in capacity as management consultant on compliance with federal & state wage & hour laws ***not covered*** by AC privilege
  - *Harter v. CPS Sec. (USA) Inc.*, 2013 U.S. Dist. LEXIS 156496, at *3 (D. Nev. Oct. 30, 2013).
- Documents with headings referring to "compliance advice" ***unprotected*** by attorney-client privilege
  - *United States ex rel. Baklid-Kunz v. Halifax Hosp. Med. Ctr.*, 2012 U.S. Dist. LEXIS 158944 (M.D. Fla. Nov. 6, 2012).

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# Communications Not Covered

- General advice from outside counsel concerning antitrust compliance compelled for production
- AC privilege does not extend to communications about joint business strategy between/among different entities even if communication happens to include concern about litigation
  - *In re Fresh & Process Potatoes Antitrust Litig.*, 2014 U.S. Dist. LEXIS 74936, at *16, *38 (D. Idaho May 30, 2014).

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# REAL LIFE EXAMPLES

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# Leak of Report on Les Moonves

- High profile accusations of sexual harassment against CBS exec
- 2 outside law firms hired to conduct investigation and prepare report
- Report leaked to NY Times on 12/04/2018, prior to its release to CBS Board



# Leak of Report on Les Moonves

- Assuming report privileged, was privilege waived?
- *Dukes v. Wal-Mart,* No. 01-cv-2252, 2013 WL 1282892 (N.D. Cal. March 26, 2013), case on gender pay discrimination:
  - Confidential memo from outside law firm leaked to NY Times
  - Memo clearly marked privileged and confidential
  - Wal-Mart submitted evidence under penalty of perjury that it took "extensive" measures to protect memo
  - Wal-Mart limited revelation of portion of memo in its public comments after leak not enough to waive privilege

# Leak of Report on Les Moonves

- Was leak by person authorized to waive privilege?
- Unauthorized disclosure will not waive privilege
- Publication of memo stolen from attorney's office will not waive privilege
- *Dukes* at *4, citing *Smith v. Armour Pharm. Co.*, 838 F.Supp. 1573 (S.D. Fla. 1993)

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# Leak of Report on Les Moonves


- Did CBS take sufficient measures to keep memo confidential?
- In *Dukes*, memo was conspicuously marked confidential and attorney-client privileged
- Was kept in “secure location” -- locked storage area within Wal-Mart Legal Department accessible only to authorized personnel

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# Lessons Learned to Avoid Waiver

1. Take proper precautions to avoid leaks
2. Designate “Confidential & Attorney-Client Privileged”
3. Limit access – is document password protected or encrypted?
4. Limit staffing on project
   a) Fewer people with access = fewer risks of leak
   b) Smaller staff
   c) Fewer support staff
5. Take immediate action upon learning of leak

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# Governmental Investigation Cooperation

- *SEC v. Herrera,* No. 17-20301 (CIV), 2017 WL 6041750 (S.D.Fla. Dec. 5, 2017)
- Magistrate held law firm waived WP protection over interview notes/memos when it voluntarily provided oral downloads of same to SEC
- Briefings considered "functional equivalent" of sharing underlying interview notes with adversary, thereby waiving protection

# Governmental Investigation Cooperation

- Case addresses situation closely related to common practice of white-collar bar to provide summaries of facts discovered during witness interviews to regulators in name of cooperation
- *Herrera* does not hold that all cooperation will lead to waiver, but underscores need to carefully preserve privilege when sharing factual information

# Governmental Investigation Cooperation

- Cosmetic product manufacturer received inquiry from FDA about consumer complaints of injury allegedly associated with hair care product
- Manufacturer responded to FDA in writing to advise of tests/studies commissioned on product “as part of legally privileged review” of consumer complaints
- Letter listed and summarized conclusions of 13 studies
- In later products liability litigation, class action plaintiffs argued both letter and studies subject to discovery

# Governmental Investigation Cooperation

- Court compelled production of un-redacted written response to FDA wherein manufacturer had disclosed AC privileged/WP protected info
- Voluntarily disclosing privileged docs to 3rd parties will generally destroy privilege, even when 3rd party is the government
- FDA was investigating consumer complaints and was therefore an adverse party
- FDA and manufacturer cannot reasonably be said to have common interests against common adversary

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# Governmental Investigation Cooperation

- Court did not compel production of 13 studies
- Declaration from GC established studies were WP
- Even if studies were performed for "dual purpose" and not prepared **exclusively** for litigation
- Studies were prepared or obtained "because of" the prospect of litigation
- WP standard does not consider whether litigation was primary or secondary motive behind creation

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# Governmental Investigation Cooperation

- Court rejected Plaintiffs' substantial need argument
- In part b/c manufacturer did not intend to rely on WP studies in litigation or provide them to testifying experts
- Affirmative reliance on protected studies/docs would create substantial need or constitute waiver
- *United States v. Nobles*, 422 U.S. 225, 239, 95 S. Ct. 2160, 45 L. Ed. 2d 141 (1975) (by electing to call investigator as witness, respondent waived work product protection as to subject matters covered in his testimony)
- *Shared Medical Resources, LLC v. Histologics, LLC*, 2012 U.S. Dist. LEXIS 164336, *12 (C.D. Cal. Nov. 14, 2012) (if a party affirmatively relies on work product, it waives all factual or non-opinion work product related to same subject matter)

# Governmental Investigation Cooperation

- Identifying each study and summarizing each study's conclusions in response letter did not constitute waiver
- Brief summaries did not provide "sufficiently detailed information"
- *Robinson v. Morgan Stanley*, 2010 U.S. Dist. LEXIS 25072, *12-*14 (N.D. Ill. Mar. 17, 2010) (disclosure of fact of investigation and summary did not constitute waiver)
- *In re Veeco Instruments, Inc. Securities Litigation*, 2007 U.S. Dist. LEXIS 5274 (S.D.N.Y. Jan. 24, 2007) (summary conclusions in press release and letter to SEC did not constitute waiver of WP privilege)

# What Manufacturer Did Right

1. Struck balance between limiting disclosure and full cooperation
2. Provided brief summary of conclusions of privileged studies, not studies themselves and no detailed information on the studies
3. Marked response letter privileged & confidential, and explicitly stated that studies were commissioned by counsel in anticipation of litigation
4. Offered detailed declaration from in-house counsel regarding sequence of events to support protected nature of studies
5. Made conscious litigation decision not to rely on privileged studies
    a) NOTE: produced studies later in separate litigation under no-subject-matter-waiver agreement

# Target 2013 Data Breach

- Immediately engages in-house and outside counsel, realizing that, as soon as breach is announced, there will be litigation
- Establishes “Data Breach Task Force” to assist counsel in providing legal advice as to ramifications of breach and better position company as to how to respond and defend
  - Retains Verizon Business Network Services to assist
- Establishes second track using separate Verizon team to address business-related issues stemming from breach
- Two teams did not coordinate

# Target 2013 Data Breach

- Claims privilege only for first track
- Court protects work of Data Breach Task Force as privileged

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# What Target Did Right

1. Engaged in-house and outside counsel at outset
2. Segregated legal and business advice and issues
3. Maintained proper separation
4. Limited access to privileged materials
5. Did not over-claim privilege

# Kellogg Brown & Root

- Contract with Department of Defense
- DOD requires Compliance Program including Code of Business Conduct (COBC), which KBR implemented
- KBR learns of possible fraud and kickbacks involving overseas subcontractor
- Conducts internal investigation pursuant to COBC

# Kellogg Brown & Root

- Legal delegated certain investigative work, including witness interviews, to non-attorney investigators
- Interviewees signed confidentiality forms, acknowledging that investigation was “sensitive” and that unauthorized disclosures could have adverse impact on Company
- At end of investigation, non-attorney investigators sent final memo to Company’s general counsel’s office.

# Kellogg Brown & Root

- Circuit Court held correct test = whether one of the significant purposes of the Company's internal investigation was to obtain or provide legal advice
- Also observed that *Upjohn* does not hold or imply that involvement of outside counsel is necessary predicate for privilege to apply
- Lawyer's status as in-house counsel does not dilute the privilege

# Kellogg Brown & Root

- Non-attorneys may conduct interviews and other activities
- As long as counsel oversee the overall investigation
- Communications made by and to non-attorneys serving as agents of attorneys in internal investigations are routinely protected by the attorney-client privilege
- Interviewed employees need not be expressly informed that purpose of interview is to obtain legal advice
- Nothing in *Upjohn* requires company to use magic words to its employees in order to gain benefit of privilege for internal investigation

# What KBR Did Right

1. Established COBC pursuant to DOD regs
2. Involved in-house counsel at outset
3. In-house counsel closely supervised investigators
4. Interviewees were informed of need for confidentiality


**→Didn't have to be told interview was for legal purposes**

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# Smith v. Ergo Solutions

- 2009 Ergo receives complaints of sexual harassment by one of the managing partners
- Retains outside law firm to investigate and provide recommendations
- Written report recommends accused partner
  - Pay fine
  - Stay away from company for 6 months
  - Undergo therapy

# Smith v. Ergo Solutions

- 2 plaintiffs bring subsequent suit involving same partner
- In deposition, partner answers questions about prior incident and about recommendations in prior report
- Without any objection by defense counsel

# Smith v. Ergo Solutions

- D.C. District Court finds report primarily contained legal advice with regard to possible liability from this or future incidents
- However, privilege was waived by managing partner when he voluntarily revealed its contents at deposition
- Similar testimony by former HR director did not waive privilege, since he was former employee

# What Ergo Did Wrong

1. Allowed managing partner to discuss report at deposition
    a) Unclear extent to which privilege discussed in prep
2. Could not use report as shield and still claim privilege

# *BouSamra v. Excela Health*

- Cardiology practice Excela planned press conference to rebut accusations of unnecessary treatments
- Law firm retained to provide advice to Excela regarding press conference
- Excela sends legal advice to outside PR firm

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# *BouSamra v. Excela Health*

- PA Supreme Court held that disclosure to PR firm waived privilege
- PR firm was not functional equivalent of client; only used intermittently
- PR firm was not necessary for law firm to provide its legal advice (no interaction between PR firm and law firm)

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# What Excela Did Wrong

1. Lacked sufficient ongoing relationship with PR firm to make firm functional equivalent of client
2. Because law firm had no interaction with PR firm, could not claim PR firm was necessary for providing legal advice

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# *United States v. Sanmina, 1*

- For 2008, Sanmina made $503M deduction arising from ownership of shares of stock in subsidiary; resulted in offset of all Sanmina's taxable income for that year
- Prior to making deduction, Sanmina engaged in-house counsel to analyze consequences
- In-house counsel prepared memo on topic
- Sanmina later engaged DLA Piper to prepare valuation report to support validity of deduction
- DLA Piper's evaluation referenced Sanmina's in-house counsel's memo

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# *United States v. Sanmina, 1*

- DLA Piper relied on memo to reach its conclusion that Sanmina's largest asset lacked substance and should be disregarded
- IRS issued summons demanding Sanmina produce memo referenced in DLA Piper report
- Sanmina declined, invoking AC privilege and work product

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# *United States v. Sanmina, 1*

- After remand, district court concluded Sanmina sufficiently showed that memo was prepared by in-house counsel in response to request for legal advice
- However, Sanmina waived any privilege when it disclosed memo to DLA Piper

# What Sanmina Did Wrong

1. Used in-house counsel material for report it intended to provide to outside entity
   a) "Otherwise, the IRS or any other reader would be forced to simply accept the opinion without access to the foundational materials, and, in this case, to the foundational materials explicitly relied on in forming the opinion."

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# *Abbvie Inc.*

- Court ruled that several slides presented at business meeting to discuss strategy of addressing patentee's patents regarding its product were not protected by AC privilege
- Court reasoned that slides addressed business concerns even though some legal concerns were implicated
- Slides and subject matter were not predominately directed to securing legal advice

***ABBVIE INC.*, 2018 WL 2995677, (D. Del. 2018)**

# What Abbvie Did Wrong

1. Mixed company's use of in-house counsel as business adviser/consultant and attorney
2. Failed to use test for AC privilege for in-house counsel: "the communication would not have been made but for the client's need for legal advice or service"

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# *Datel Holdings Ltd. v. Microsoft Corp.*

- Involved motion to compel production of emails defendant claimed were privileged
- Emails were various abbreviated versions of long email chain RE: re-auth test for memory units
- Defendant claimed that original email of chain transmitted legal advice and therefore entire chain was privileged

# *Datel Holdings Ltd. v. Microsoft Corp.*

- Original email was sent from individual, Lange, who was not attorney
- Lange participated in conference call with Microsoft's in-house counsel, McKinley
- McKinley requested that Lange conduct investigation into potential claims RE: potential infringement
- Plaintiff argued Microsoft was unable to identify any transmission of legal advice between non-lawyers in emails other than original email
- Email chain compelled (but not original)

# What Microsoft Did Wrong

1. Did not consider when/how attorney advice is communicated to other non-lawyers of company
2. Did not consider impact of email correspondence and ability to forward, respond, etc.
3. Did not educate recipient about confidentiality

# Thank you!

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