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ATTORNEY ADVERTISING
APPRECIATION

Shortly after I joined Jenner & Block out of law school, Jerry Solovy “invited” me to work on the annual update of this outline, which he commissioned in 1984 in response to the United States Supreme Court’s decision in *Upjohn Co. v. United States*. For 25 years, Jerry actively nurtured this work, which he called the firm’s “bestseller,” notwithstanding the fact that we provide the outline to our clients, friends and colleagues free of charge. Each week, Jerry would send memos and emails with suggestions for cases or articles that we should include in the next update and, as each year came to a close, increasingly earnest emails and phone calls asking when the next update would be ready for publication. I am now in the position of “inviting” my colleagues at Jenner to assist me with updating and improving this resource.

I want to thank some of the many people who have made contributions to this effort: My partner, Michele Slachetka, who has devoted enormous time and energy over the years to leading the team of lawyers who work on this project. I also want to thank my colleagues Ariel Cho, D. Matthew Feldhaus, Alex Ghantous, Chloe Holt, Ren-How Harn, Laura Hulce, Samuel Jahangir, Monika Kothari, Alex May, Emma O’Connor, Christian Plummer, Brandon Polcik, Lina Powell, William Strom, and Regina Wood, who have each contributed to the outline. Finally, I would like to thank my former associates Anne Fitzpatrick, who for many years led the update team and applied her pre-law school professional editor’s skills to the improvement of this publication, and Leah Casto, who had increasingly assumed the “team captain” role for this project.

David M. Greenwald

May 2019
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APPENDIX B: GOVERNMENT INVESTIGATIONS REFERENCE MODEL
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I. THE ATTORNEY-CLIENT PRIVILEGE

Historically, the attorney-client privilege developed upon two assumptions: (1) good legal assistance requires full disclosure of a client’s legal problems; and (2) a client will only reveal the details required for proper representation if her confidences are protected. See, e.g., Fisher v. United States, 425 U.S. 391, 403 (1976). In response to these assumptions, the attorney-client privilege developed at common law to encourage free and open communication between client and lawyer, thus promoting informed, effective representation. 8 John H. Wigmore, Evidence § 2291 (Supp. 2019). Because the privilege obstructs the search for truth, however, it is construed narrowly. See, e.g., Fisher, 425 U.S. at 403; Haines v. Liggett Grp., Inc., 975 F.2d 81, 84 (3d Cir. 1992) (“[S]ince the privilege has the effect of withholding relevant information from the factfinder, it applies only where necessary to achieve its purpose.”); In re Grand Jury Proceedings Under Seal, 947 F.2d 1188 (4th Cir. 1991).

Over the years, the courts have provided several definitions of the attorney-client privilege. Judge Wyzanski provided the seminal definition in United States v. United Shoe Machinery Corp., 89 F. Supp. 357 (D. Mass. 1950):

The [attorney-client] 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.

Id. at 358-59.

As a general matter, the privilege protects:

(A) a communication,

(B) made between privileged persons (i.e., attorney, client or agent),

(C) in confidence,

(D) for the purpose of obtaining or providing legal assistance for the client.

See, e.g., In re Air Crash Disaster at Sioux City, Iowa on July 19, 1989, 133 F.R.D. 515, 518 (N.D. Ill. 1990); Restatement (Third) of the Law Governing Lawyers § 68 (2000); 8 John H. Wigmore, Evidence § 2292 (Supp. 2019); see also Coltec Indus., Inc. v. Am. Motorists Ins. Co., 197 F.R.D. 368, 370-71 (N.D. Ill. 2000) (noting the elements as outlined by Wigmore: “(1) Where legal advice of any kind is sought (2) from a professional legal adviser in his capacity as such, (3) the communications relating to that purpose, (4) made in
confidence (5) by the client, (6) are at his instance permanently protected (7) from disclosure by himself or by the legal adviser, (8) except the protection be waived.”); SEC v. Beacon Hill Asset Mgmt. LLC, 231 F.R.D. 134, 138 (S.D.N.Y. 2004) (quoting United Shoe).

A. COMMUNICATIONS COVERED BY THE PRIVILEGE

Virtually all types of communications or exchanges between a client and attorney may be covered by the attorney-client privilege. Privileged communications include essentially any expression undertaken to convey information in confidence for the purpose of seeking or rendering legal advice. FTC v. Boehringer Ingelheim Pharmaceuticals, 892 F.3d 1264, 1267 (D.C. Cir. 2018) (attorney-client privilege applies where “obtaining or providing legal advice was one of the significant purposes of the communication”); Haines v. Liggett Grp., Inc., 975 F.2d 81, 90 (3d Cir. 1992) (privilege extends to verbal statements, documents and tangible objects conveyed in confidence for the purpose of legal advice); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 69 (2000); 8 JOHN H. WIGMORE, EVIDENCE § 2292 (Supp. 2019).

1. Documents And Recorded Communications

The broad sweep of privileged communications encompasses not only oral communications, but also documents or other records in which communications have been recorded. WebXchange Inc. v. Dell Inc., 264 F.R.D. 123, 127 (D. Del. 2010) (“For purposes of the attorney-client privilege, a communication is any expression through which a privileged person undertakes to convey information to another privileged person and any document or record that embodies such expression . . . .”) (internal quotations omitted); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 69 (2000); 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5484 (1st ed. West2019). See also Chrimar Sys. Inc. v. Cisco Sys., No. 13-cv-01300-JSW (MEJ), 2016 WL 1595785, at *5-6 (N.D. Cal Apr. 21, 2016) (email from client to itself privileged where it reflected notes of advice from a lawyer); Harlow v. Sprint Nextel Corp., No. 08-2222-KHV-DJW, 2012 WL 646003, at *6-7 (D. Kan. Feb. 28, 2012) (class member surveys, often used as a substitute for face-to-face interviews in actions involving multiple clients, are privileged communications); Aland v. Mead, 327 P.3d 752, 772 (Wyo. 2014) (non-lawyer’s notes from conversation with deputy attorney general and memorandum sent by one non-lawyer to another were privileged where the documents recounted the substance of communications with counsel, including counsel’s legal advice).

However, documents do not become automatically privileged merely because they are communicated to an attorney. The privilege only protects those documents that reflect communications between an attorney and client. In re Grand Jury Subpoenas, 959 F.2d 1158, 1165-66 (2d Cir. 1992); Duttle v. Bandler & Kass, 127 F.R.D. 46, 51 (S.D.N.Y. 1989). Documents or other communications that a client transmits to a lawyer neither gain nor lose privileged status as a result of the transfer. Fisher v. United States, 425 U.S. 391, 404 (1976); E.E.O.C. v. BDO USA, L.L.P., 876 F.3d 690, 696 (5th Cir. 2017) (“[D]ocuments sent from one corporate officer to another” are not privileged “merely because a copy is also sent to counsel[.]”); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 89 (7th ed. 2016); Fisher, 425 U.S. at 404; Phillips v. C.R. Bard, Inc., 290 F.R.D. 615, 629 (D. Nev. 2013) (“merely copying or ‘cc-ing’ legal counsel, in and of itself, is not enough to trigger the attorney-
client privilege”); Searcy v. eFunds Corp., No. 08 C 985, 2009 WL 562596, at *3 (N.D. Ill. 2009) (“[d]ocuments that would not otherwise be protected from disclosure do not automatically come within the scope of the privilege because they are transmitted to an attorney”); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 89 (7th ed. 2016); 8 JOHN H. WIGMORE, EVIDENCE § 2307 (Supp. 2019). Accord Pownell v. Credo Petroleum Corp., Civil Action No. 09-cv-01540-WYD-KLM, 2011 WL 1045418, at *3 (D. Colo. Mar. 17, 2011) (“[T]he mere fact that an attorney attended a meeting does not render everything said or done at that meeting privileged.”) (internal citation omitted). Documents prepared by a client to assist the client to obtain legal advice may be privileged even if the document itself is not communicated to counsel. See United States v. DeFonte, 441 F.3d 92, 94 (2d Cir. 2006), aff’d, 283 F. App’x 864 (2d Cir. 2008) (notes prepared by an incarcerated client of issues to be discussed with attorney, and which were in fact later discussed with counsel, were protected by attorney-client privilege).

In addition to documents, other modes of communication may also be covered under the privilege. Thus, telephone, audio and video recordings may qualify as privileged communications. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 69 cmt. b (2000); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 89 (7th ed. 2016). In general, the mode of communication is not relevant to the determination of privilege. For example, the privilege will not apply to recordings that would not be privileged if they were written. See In re Grand Jury Subpoena Dated July 6, 2005, 256 F. App’x 379, 382-83 (2d Cir. 2007) (declining to extend DeFonte to tape recordings that appellant made of conversations with his broker where appellant could not show that the recordings were confidential communications between himself and his attorney for the purpose of obtaining legal advice). However, the method of communication may be relevant to a determination as to whether the communicator could reasonably expect the information would remain confidential. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 69 cmt. b (2000); Communications Must Be Intended To Be Confidential, § I.C, infra.

2. Communicative Acts

The attorney-client privilege includes non-verbal, communicative acts within its definition of protected communications. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 69 cmt. e (2000). Communicative acts may include a privileged person’s non-verbal actions that are intended to convey information, such as facial expressions or nods of affirmation. See 8 JOHN H. WIGMORE, EVIDENCE § 2306 (Supp. 2019); 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5484 (1st ed. West 2019). Such acts are typically protected by the attorney-client privilege. However, privilege will not apply in the absence of an intent to communicate. For example, physical characteristics, demeanor, complexion, sobriety, or dress are not communicative and would not be protected. See KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 89 (7th ed. 2016).

See also:

In re Grand Jury Proceedings, 13 F.3d 1293, 1296 (9th Cir. 1994). Attorney required to testify regarding client’s expenditures, income-producing activities and lifestyle during European vacation.
In re Grand Jury Proceedings, 791 F.2d 663, 665-66 (8th Cir. 1986). An attorney could not claim the privilege to avoid testifying about the authenticity of a client’s signature or to avoid identifying the client in a photograph.

Darrow v. Gunn, 594 F.2d 767, 774 (9th Cir. 1979). An attorney’s observations of demeanor are not privileged unless based on a confidential communication.


Frieman v. USAir Grp., Inc., Civ. A. No. 93-3142, 1994 WL 719643, at *6-7 (E.D. Pa. Dec. 22, 1994). Lawyer for client claiming permanent disability was compelled to testify regarding observations of client’s physical condition and activities.

Williams v. Chrans, 742 F. Supp. 472, 492-93 (N.D. Ill. 1990), aff’d, 945 F.2d 926 (7th Cir. 1991). Testimony by a legal clerk that the defendant was calm and articulate while a dead body was hidden in defendant’s trunk did not violate the privilege.

But see:

State v. Meeks, 666 N.W.2d 859, 868-71 (Wis. 2003). Rejecting Darrow v. Gunn, 594 F.2d 767 (9th Cir.1979), above, and holding that attorney’s observation of client’s mental state necessarily involved attorney-client communications.

Gunther v. United States, 230 F.2d 222, 223-24 (D.C. Cir. 1956). Attorney could not be called to testify as to client’s competency because such an inquiry would require testimony as to facts learned in privileged context.

3. Fees, Identity And The “Last Link”

Certain facts relating to an attorney-client relationship may not be privileged. The identity of the client, the fact of consultation, the payment of fees, and the details of retainer agreements generally are not considered privileged. See 8 JOHN H. WIGMORE, EVIDENCE § 2313 (Supp. 2019); 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5484 (1st ed. West 2019). Courts reason that such routine items are not communicated in order to obtain legal services and that fear of disclosure of such information will not deter clients from providing these facts.

See:

U.S. v. Leonard-Allen, 739 F.3d 948, 953 (7th Cir. 2013). Information about attorneys’ fees fall outside the scope of the privilege because fees are incidental to the substance of representation.

Reiserer v. United States, 479 F.3d 1160, 1165-66 (9th Cir. 2007). During IRS investigation of tax attorney, disclosure of the identities and fees paid by tax attorney’s clients not barred by attorney-client privilege, even if information may lead to IRS investigation of the clients. The court distinguished Baird v. Koerner, 279 F.2d 623 (9th Cir. 1960), in which the revelation of the client’s identity would have constituted admission of guilt of the offense that led the client to seek legal assistance.

In re Grand Jury Subpoena Dues Tecum, 94 F. App’x 495, 497 (9th Cir. 2004). Defendant in money-laundering case could not assert privilege over communications with his attorney related to fee arrangements. Such information, even if it could implicate the defendant in money laundering, was not a privileged legal communication.
In re Grand Jury Subpoena, 204 F.3d 516, 519-21 (4th Cir. 2000). Client may not create a privilege that protects his identity by voluntarily disclosing a confidential communication.

United States v. Bauer, 132 F.3d 504, 508-09 (9th Cir. 1997). Noting that the identity of client, amount of fees paid, identification of payment by case name, general purpose of work performed, and whether client’s testimony is the product of attorney coaching are not within attorney-client privilege, but holding that the communications at issue involved actual legal advice, which were privileged.

Gerald B. Lefcourt P.C. v. United States, 125 F.3d 79, 86 (2d Cir. 1997). Information regarding the payment of fees is not privileged.

United States v. Ellis, 90 F.3d 447, 450-51 (11th Cir. 1996) (internal quotations and citations omitted). “[T]he identity of a client and the receipt of attorney’s fees normally are not privileged matters. Such matters are privileged only if their disclosure would lead to uncovering privileged information.”

In re Grand Jury Subpoenas, 906 F.2d 1485, 1492-43 (10th Cir. 1990). Subpoena that requested the identity of the source of the fees, the amount of the fees, and the manner and date of payment did not seek privileged information, but disclosure of fee contracts would be subject to in camera review to determine whether the contracts contained confidential communications.

In re Grand Jury Proceedings, 841 F.2d 230, 233 n.3 (8th Cir. 1988). The identity of a third party paying the legal fees of another is typically not privileged.

In re Two Grand Jury Subpoenae Duces Tecum Dated Aug. 21, 1985, 793 F.2d 69, 71-72 (2d Cir. 1986). Affirming district court’s refusal to quash subpoena that sought law firm’s financial records including cancelled checks drawn on firm’s escrow accounts, retainer agreements, closing statements, correspondence relating to client recoveries, invoices and receipts for disbursements, and records relating to liens upon funds received on behalf of clients; privilege does not protect information about fee arrangements except when they involve prejudicial disclosure of confidential communications.

In re Grand Jury Subpoenas, 803 F.2d 493, 499 (9th Cir. 1986), corrected, 817 F.2d 64 (9th Cir. 1987). Identity of a non-client fee-payer is not privileged.

In re Grand Jury Proceedings, 517 F.2d 666, 670-71 n.2 (5th Cir. 1975) (collecting cases). Identity of client generally not privileged.

Sapia v. Board of Education of City of Chicago, 351 F.Supp.3d 1125, 1132 (N.D. Ill. 2019). “The privilege does not foreclose inquiry into the fact of representation itself or the dates upon which services are rendered as long as the substance of the attorney-client relationship is shielded from disclosure.”

U.S. v. DNRB, Inc., 257 F. Supp. 3d 1033, 1038-39 (W.D. Mo. 2017). “It is well established that no privilege attaches to information about what attorneys’ fees were paid, in what amount, in what form, or by whom.”

Zelen v. United States, No. CV 13-6430-JFW (JEMx), 2014 WL 1318719, at *1 (C.D. Cal. Mar. 6, 2014). The attorney-client privilege does not protect client identity or fee arrangements. There was no confidentiality for a check written by a client to an attorney that was deposited with a third party bank.

Sullivan v. Alcatel-Lucent USA, Inc., No. 12 C 7528, 2013 WL 263793, at *7 (N.D. Ill. June 12, 2013). An email chain regarding legal fees is not privileged when it relates only to fees and does not reflect legal advice.

such as checks from an attorney’s clients. While checks may be communicative, checks are not confidential. Once deposited, checks are seen by a “sea of strangers” (e.g., the bank’s personnel).

**SEC v. W Fin. Grp., LLC,** No. 3-08-CV-0499, 2009 WL 636540, at *1 (N.D. Tex. Mar. 9, 2009). Denying motion to quash an SEC subpoena requesting records of transfers of funds into and out of the lawyer’s trust account relating to specific clients being investigated by the SEC. Noting that the Fifth Circuit had not addressed the issue, the court followed several other circuits’ reasoning that the deposit and disbursement of money in a commercial checking account is not a communication, nor is it confidential.

**Huffman v. United States,** No. 0780736CIV, 2007 WL 4800643, at *4-6 (S.D. Fla. Nov. 29, 2007). Bank records of an attorney client trust account, copies of bank statements, cancelled checks, signature cards, and copies of wire transfers are generally not protected by attorney-client privilege and petitioner failed to establish that the last link doctrine’s limited exception would apply.

**United States v. Cedeno,** 496 F. Supp. 2d 562, 567-68 (E.D. Pa. 2007). The identity of person paying for the legal defense of defendant in drug conspiracy case was not privileged, even when the benefactor is also client of defendant’s attorney.


**United States v. Kaiser,** 308 F. Supp. 2d 946, 954 (E.D. Mo. 2004). “Peripheral matters pertaining to the relationships between respondents and their clients, such as client identities and fee information, are simply not protected by the privilege because that type of information was not communicated in confidence to the attorney for the purpose of securing legal advice.”

**Bank Brussels Lambert v. Credit Lyonnais (Suisse),** 220 F. Supp. 2d 283, 288 (S.D.N.Y. 2002). Holding that it is “well established” in the Second Circuit that a client’s identity is not protected, except in special circumstances.

**Levy v. Senate of Pennsylvania,** 65 A.3d 361, 370-72 (Pa. 2013). Identities of clients on billing records did not need to be withheld because content of records were so heavily redacted that disclosure would not reveal otherwise privileged information.

**But see:**

**Abrams v. First Tenn. Bank Nat’l Ass’n,** No. 3:03-cv-428, 2007 WL 320966, at *2 (E.D. Tenn. Jan. 30, 2007). To the extent such documents had not been supplied to any defendant, invoices to plaintiff-clients from attorney that detailed legal matters and thought processes were privileged.

**United States v. Gonzalez-Mendez,** 352 F. Supp. 2d 173, 175-76 (D.P.R. 2005). Noting that “[i]t may well be that certain fee arrangements fall outside the direct purview of the attorney-client privilege,” the government’s inquiry “would strike at the heart of the attorney-client relationship” and holding that the government was not entitled to an expedited hearing on the issue.

**Ehrich v. Binghamton City Sch. Dist.,** 210 F.R.D. 17, 20 (N.D.N.Y. 2002). Billing statements that detail attorney services, listing services provided and conversations and conferences between counsel and others, are privileged.

**State ex rel. Dawson v. Bloom-Carroll Local Sch. Dist.,** 959 N.E.2d 524, 530 (Ohio 2011) (internal quotations and citations omitted). “While a simple invoice ordinarily is not privileged, itemized legal bills necessarily reveal confidential information and thus fall within the [attorney-client] privilege. . . . [B]illing records describing the services performed for [the attorney’s] clients and the time spent on those services, and any other attorney-client correspondence . . . may reveal the client’s
motivation for seeking legal representation, the nature of the services provided or contemplated, strategies to be employed in the event of litigation, and other confidential information exchanged during the course of the representation. . . . [A] demand for such documents constitutes an unjustified intrusion into the attorney-client relationship."

Los Angeles County Bd. of Supervisors v. Superior Court, 386 P.3d 773, 781 (Cal. 2016). Noting that where “a legal matter remains pending and active, the privilege encompasses everything in an invoice, including the amount of aggregate fees” and explaining that, although the amount of money paid for legal services is generally not privileged, an invoice that shows a sudden uptick in spending in a pending matter might reveal a party’s investigative efforts and litigation strategy.

Other courts and the Restatement have rejected a strictly categorical approach. See Restatement (Third) of the Law Governing Lawyers § 69 cmt. g (2000); Kenneth S. Broun et al., McCormick on Evidence § 90 (7th ed. 2016); 24 Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure § 5484 (1st ed. West 2019). Under this alternative approach, the attorney-client privilege applies if revealing the information would directly, or by reasonable inference, reveal the content of a confidential communication from a privileged person (client, attorney or agent). See In re Witness before the Special March 1980 Grand Jury, 729 F.2d 489, 495 (7th Cir. 1984) (holding that the privilege protects an unknown client’s identity where disclosure would reveal a client’s motive for seeking legal advice); Restatement (Third) of the Law Governing Lawyers § 69 cmt. g (2000). Courts often refer to this approach as the “last link” doctrine or exception. Under the “last link” doctrine, routine information, such as a client’s identity, is not protected unless it links the client to the case. See, e.g., In re Grand Jury Proceedings, 517 F.2d 666, 674 (5th Cir. 1975); NLRB v. Harvey, 349 F.2d 900, 905 (4th Cir. 1965); cf. Baird v. Koerner, 279 F.2d 623 (9th Cir. 1960) (an often-cited case but highly criticized as a misapplication of the doctrine).

The purpose of the attorney-client privilege is to encourage free disclosure; it does not act generally to protect clients from incrimination. See, e.g., In re Grand Jury Proceedings, 791 F.2d 663, 665 (8th Cir. 1986); In re Shargel, 742 F.2d 61, 63 (2d Cir. 1984). Thus, the privilege does not protect information that is merely invasive or inculpatory, and it is not enough that the communication provides the “last link” to incriminate the client. In re Grand Jury Proceedings, Cherney, 898 F.2d 565, 568 (7th Cir. 1990) (affirming decision to quash subpoena but noting that the client’s identity was privileged because disclosure would reveal a confidential communication – the reason the client sought legal advice – not because disclosure would incriminate the fee-payer). Instead, the “last link” that implicates the privilege is the one that connects the client to a confidential communication or that exposes a confidential communication. See Kenneth S. Broun et al., McCormick on Evidence § 90 (7th ed. 2016).

See:

In re Grand Jury Subpoena Ducas Tecum, 94 F. App’x 495, 497 (9th Cir. 2004). Though potentially incriminating in money laundering case, fee arrangements with counsel were not privileged because they would not provide the last link to the criminal charge.

In re Grand Jury Matter, 969 F.2d 995, 997-98 (11th Cir. 1992). An attorney was ordered to reveal the identity of a client who paid with a counterfeit $100 bill. The court reasoned that the only “last link” provided by the identity information was to incriminate the client and not to reveal any confidences.
In re Grand Jury Matter (Special Grand Jury Narcotics) (Under Seal), 926 F.2d 348, 352 (4th Cir. 1991). Fee arrangements are privileged only where disclosure would reveal confidential communications.

In re Grand Jury Subpoena for Att’y Representing Reyes-Requena, 913 F.2d 1118, 1124-25 (5th Cir. 1990). Fee information is privileged only where disclosure of fee information would reveal the “ultimate motive” for seeking legal advice.

United States v. Strahl, 590 F.2d 10, 11 (1st Cir. 1978). Attorney could testify that client paid him with a stolen treasury note because disclosure did not implicate the client in the criminal activity for which legal advice was sought.

S.E.C. v. Coldicutt, No. 2:17-cv-03888-CAS(AFM), 2017 WL 2485383, at *3 (C.D. Cal. June 8, 2017). The “last link” exception “is not triggered by the fact that the disclosure of the client’s identity and the fee arrangements may incriminate the client” but “where disclosure of the client’s identity and fee information would infringe upon a privileged communication” (emphasis in original).

Sony Corp of Am. v. Soundview Corp. of Am., No. 3:00 CV 754 (JBA), 2001 WL 1772920, at *3 (D. Conn. Oct. 23, 2001). Fee information protected only if it reveals the motive for representation or substance of advice.

Where the disclosure of even routine information would expose client confidences instead of merely providing a link to the confidences, the attorney-client privilege applies. A common situation involving this aspect of the privilege arises when the motive of a client is revealed by the fact of consultation.

See:

In re Grand Jury Proceedings, 204 F.3d 516, 520-22 (4th Cir. 2000). Where it “appeared that the client’s identity was sufficiently intertwined with the client’s confidences such that compelled disclosure of the former essentially disclosed the latter,” the attorney-client privilege would preclude an attorney from disclosing the client’s identity, but where the client voluntarily discloses otherwise privileged information, such a privilege is lost as to the client’s identity, even where the disclosure of his identity will link the client to the statement.

Ralls v. United States, 52 F.3d 223, 226 (9th Cir. 1995). Privilege applies when identity of payor or terms of engagement were so “inextricably intertwined” with confidential communications that revealing either the identity or the terms “would be tantamount to revealing privileged communication.”

In re Grand Jury Proceedings, 946 F.2d 746, 748-49 (11th Cir. 1991). Revelation of a client’s identity would expose his motive for seeking advice (i.e., a drug conspiracy investigation). Court further noted that the government’s knowledge of this motive did not obviate the protection of the attorney-client privilege.

In re Grand Jury Proceedings, Cherney, 898 F.2d 565, 568-69 (7th Cir. 1990). Although fee information normally is not privileged, privilege applied where revealing the payor’s identity might disclose a confidential communication: the payor’s motive for paying the fees of the target. Court held that payor’s identity was privileged.

Although attorney fee arrangements are ordinarily not protected, the privilege would apply to bills, ledgers, statements, time records and correspondence that reveal the client’s motive in seeking representation or litigation strategy.

Brett v. Berkowitz, 706 A.2d 509, 515 (Del. 1998). Attorney specializing in divorce cases was not required to produce the names of his other clients to a client that sued the attorney for sexual harassment. “[T]he mere revelation of the [other clients’ names] would reveal the confidential communication that [the clients] were seeking advice concerning a divorce.”

Lane v. Sharp Packaging Sys., 640 N.W.2d 788, 804-05 (Wis. 2002). “Billing records are communications from the attorney to the client, and producing these communications violates the lawyer-client privilege if production of the documents reveals the substance of lawyer-client communications.”

But see:

Gerald B. Lefcourt, P.C. v. United States, 125 F.3d 79, 87 (2d Cir. 1997). Though acknowledging the adoption of a “legal advice exception” in other circuits, the Second Circuit “all but categorically rejected it” in Vingelli v. United States, below.

Vingelli v. United States, 992 F.2d 449, 453-54 (2d Cir. 1993). Grand jury subpoenaed attorney to determine who was paying the fees for the defense of a convicted party. Attorney refused to disclose the client and fee information because it would reveal the purpose of the representation. Court found that the client could have consulted the attorney for a variety of reasons and that, while the disclosure of the fee payor’s identity might suggest the possibility of wrongdoing, it would not reveal a confidential communication. Court also found that the fact that money was paid did not reveal any confidential communication and that the financial transfers were not made to obtain legal advice.

4. Knowledge Of Underlying Facts Not Protected

While the privilege protects communications between privileged persons, it does not permit a party to resist disclosure of the facts underlying those communications. Upjohn Co. v. United States, 449 U.S. 383, 395-96 (1981); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 69 cmt. d (2000). The privilege creates a distinction between the substance of a lawyer-client communication and the contents of a client’s memory or files. Upjohn, 449 U.S. at 395-96; see also 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5484 (1st ed. West 2019). Thus, the privilege will not protect a client from testifying about her recollections or records, only whether the client related them to her attorney. See In re Six Grand Jury Witnesses, 979 F.2d 939, 943-44 (2d Cir. 1992) (holding that privilege protects communications and the fact of communication but not the underlying information contained in the communications).

See also:


Diversified Indus., Inc. v. Meredith, 572 F.2d 596, 611 (8th Cir. 1977). Employee interviews were privileged communications, but the litigants were not foreclosed from obtaining the same information from non-privileged sources.
Banneker Ventures, LLC v. Graham, 253 F. Supp. 3d 64, 71 (D.D.C. 2017). The facts underlying communications between an attorney and client are not protected by the privilege.


Perius v. Abbott Labs., No. 07CV1251, 2008 WL 3889942, at *7 (N.D. Ill. Aug. 20, 2008). Because underlying facts are not privileged, disclosure of facts to litigation adversary does not waive the privilege.

EEOC v. Outback Steakhouse, 251 F.R.D. 603, 609-11 (D. Colo. 2008). Neither the work product doctrine nor the attorney-client privilege precluded discovery of the underlying facts contained in privileged communications or documents. The court ordered defendants to respond to plaintiff’s interrogatories about defendant’s investigations into gender discrimination and harassment complaints made by female employees.

Tilley v. Equifax Info. Servs., LLC, No. 062304JAR, 2007 WL 3120447, at *2 (D. Kan. Oct. 24, 2007). Noting that attorney-client privilege did not protect discovery of underlying facts and that defendant’s attorney was directly involved in the events underlying plaintiff’s claims of defamation, the court compelled defendant’s attorney to answer plaintiff’s deposition questions.

Pastrana v. Local 9509, Commc’ns Workers of Am., No. 06CV1779W(AJB), 2007 WL 2900477, at *3 (S.D. Cal. Sept. 28, 2007). The date on which plaintiff learned defendant was not going to pursue plaintiff’s grievance claim was not protected by attorney-client privilege and was thus discoverable. Acknowledging Upjohn, the court ordered the deposition of plaintiff’s attorney to determine facts relevant to defendant’s statute of limitations defenses. Work product doctrine did not apply to protect facts that plaintiff’s attorney had learned.

Dairyland Power Coop. v. United States, 79 Fed. Cl. 709, 721-22 (Fed. Cl. 2007). The attorney-client privilege did not preclude discovery of information that a Department of Energy employee learned from company documents and third parties and conveyed to government’s counsel.

But see:

Admiral Ins. Co. v. U.S. Dist. Ct. for Dist. of Ariz., 881 F.2d 1486, 1490 n.5 (9th Cir. 1989). The district court denied a motion to quash a subpoena aimed at discovering privileged statements made by corporate officers to counsel where the underlying facts of the statements could not be obtained from the officers themselves because they planned to assert the Fifth Amendment. The Court of Appeals reversed; although the privilege did not shield the underlying facts, there is no exception to the attorney-client privilege where the facts cannot be obtained by means other than disclosure of the privileged communication.

Southern Bell Tel. & Tel. Co. v. Deason, 632 So. 2d 1377, 1387 (Fla. 1994). Southern Bell asserted attorney-client privilege in response to deposition questions about certain employee discipline matters, arguing that the deponents had no firsthand knowledge of the facts sought and that any information they had came from their review of privileged witness statements and the notes and summaries of counsel. The court rejected as “merely a game of semantics” the deposing party’s argument that it did not ask the deponents what counsel told them, but only asked “why the employees were disciplined or what actions of the employees resulted in discipline.” Information “learned solely from communication that emanated from counsel” was protected by the privilege.
5. Real Evidence And Chain Of Custody Not Protected

A client’s transmission of real evidence to an attorney does not constitute a communication and is not protected under the attorney-client privilege. Revealing such evidence merely serves to implicate the client and does not disclose confidential communications. As a result, a client cannot shield real evidence merely by giving it to his attorney. See In re January 1976 Grand Jury, 534 F.2d 719, 728 (7th Cir. 1976) (bank robbery proceeds not privileged); In re Ryder, 381 F.2d 713, 714 (4th Cir. 1967) (concealing stolen money and sawed-off shotgun resulted in suspension of attorney); State v. Bright, 676 So. 2d 189, 194 (La. Ct. App. 1996) (privilege did not prevent court from ordering lawyer to produce incriminating diary given to him by defendant).

While the privilege cannot shield physical evidence from production, some courts have found that the privilege will protect the identity of the client who produced the incriminating evidence. See Fees, Identity And The “Last Link,” § 1.A.3, supra.

See also:

Cluchette v. Rushen, 770 F.2d 1469, 1472-73 (9th Cir. 1985). Holding that attorney-client privilege does not extend to physical evidence. Though client’s disclosure to attorney of location of certain receipts would itself be privileged, attorney could not conceal receipts after locating and physically removing them from their prior location.

State v. Green, 493 So. 2d 1178, 1182-83 (La. 1986). Defendant’s attorney found the gun used in a shooting among defendant’s possessions. Court held that attorney could not rely on the privilege to hide the gun since it was physical evidence and not protected. However, the attorney could not be forced to testify about the source of the gun (i.e., to establish the chain of custody).

People v. Nash, 341 N.W.2d 439, 451-53 (Mich. 1983) (Ryan, Cavanagh, & Kavanagh, JJ.). Prosecuting attorney violated the attorney-client privilege by introducing evidence that incriminating items were obtained from the office of the defendant’s attorney.


However, many courts hold that the chain of custody for real evidence cannot be broken by an attorney’s privileged silence. In Commonwealth v. Ferri, 599 A.2d 208 (Pa. Super. Ct. 1991), appeal denied, 627 A.2d 730 (Pa. 1993), a client turned soiled clothing over to his attorney, who later turned the evidence over to a public defender, thus placing the attorneys in the chain of custody. Id. at 210-11. The court concluded that the trial court did not err in requiring the attorneys to testify about their custody of the clothing in order to make the clothing admissible into evidence. Id. at 212; see also In re Grand Jury Matter No. 91-01386, 969 F.2d 995, 998-99 (11th Cir. 1992) (identity of client is not protected).

6. Communications From An Attorney To A Client Are Protected

The attorney-client privilege not only protects a client’s disclosure to his attorney; it also shields the advice given to the client by the attorney. See, e.g., REV. UNIF. R. EVID. 502 (1999); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 69 cmt. i (2000). However, there is some disagreement about the scope of protection given to an attorney’s
advice. See, e.g., United States v. Amerada Hess Corp., 619 F.2d 980, 986 (3d Cir. 1980) (noting two approaches). Two approaches are discussed in this section.

a. The Narrow View: Only Advice Which Reveals Confidences Is Privileged

Some courts have adopted a narrow view that communications from an attorney to a client are privileged only to the extent their disclosure reveals a confidential communication from the client.

See:

United States v. Ramirez, 608 F.2d 1261, 1268 n.12 (9th Cir 1979). Observing in dicta that some courts limit application of the privilege to only those communications of counsel that would reveal a client’s own confidential communications and indicating that the limitation was consistent with “modern” conceptions of the privilege.

Yarberry v. Gregg Appliances, Inc., No. 1:12–cv–611, 2013 WL 4476681, at *3-4 (S.D. Ohio Aug. 19, 2013). A document was not privileged because it only revealed that a party consulted with counsel and did not reveal the substance of the communication or counsel’s advice.

United States v. Naegele, 468 F. Supp. 2d 165, 169 (D.D.C. 2007). Attorney-client privilege protects communications from attorney to client that would reveal directly or indirectly the substance of the client’s communications to the lawyer.

Walsh v. Northrop Grumman Corp., 165 F.R.D. 16, 18 (E.D.N.Y. 1996). Second Circuit “remains committed to the narrowest application of the privilege such that it protects only legal advice that discloses confidential information given to the lawyer by the client.”

Republican Party of N.C. v. Martin, 136 F.R.D. 421, 426-27 (E.D.N.C. 1991). Privilege does not apply to legal advice that does not arguably reveal a client’s confidences. Thus, attorney memoranda or letters without factual application to a client’s case were not protected.


Ohio-Sealy Mattress Mfg. Co. v. Kaplan, 90 F.R.D. 21, 28 (N.D. Ill. 1980). Noting split of authority and concluding that only communications from an attorney to a client that reveal a client’s confidences are privileged.


In re Haynes, 577 B.R. 711, 737 (Bankr. E.D. Tenn. 2017). “Communications from the attorney to the client are also privileged if their disclosure would reveal the client’s confidential communications to the attorney.”

See also:

*Carmody v. Board of Trustees of Univ. of Illinois*, 893 F.3d 397, 405 (7th Cir. 2018), quoting *United States v. Defazio*, 899 F.2d 626, 635 (7th Cir. 1990). “Communications from attorney to client are privileged only if they constitute legal advice, or tend directly or indirectly to reveal the substance of a client confidence.”

*Brinton v. Dep’t of State*, 636 F.2d 600, 603-04 (D.C. Cir. 1980). Communications from attorney to client are privileged at least to the extent they are “related to the confidence of the client.”


b. **The Broader View: Content Irrelevant To Determination Of Whether Communication Is Privileged**

Other courts have rejected the narrow interpretation of the privilege and protect virtually all legal communications from attorney to client. In *In re LTV Securities Litigation*, 89 F.R.D. 595, 602 (N.D. Tex. 1981), the court recognized the split of authority and rejected the narrow approach because it failed “to deal with the reality that lifting the cover from the advice will seldom leave covered the client’s communication to his lawyer.” Instead, the court adopted a broader rule that protects any communication from an attorney to a client when made in the course of giving legal advice. *Id.*; see also *Unif. R. Evid.* 502(b)(1) (1999).

The Restatement also rejects the narrow rule that the privilege only protects communications that reveal client confidences. *Restatement (Third) of the Law Governing Lawyers* § 69 cmt. i (2000). Under the Restatement, a lawyer’s advice to her client is privileged without regard to the source of the lawyer’s information if the information meets the requirements of confidentiality and a legal purpose. For example, if a lawyer writes a letter to a client that gives tax advice, and the letter is based in part on information supplied by the client, in part on information gathered by the lawyer from third persons, and in part on the lawyer’s legal research, under the broader approach of the Restatement, the privilege applies to the entire document, even if the parts could be separated. *Id.* § 69 cmt. i, illus. 7.

See:

*United States v. Bauer*, 132 F.3d 504, 507 (9th Cir. 1997). Court applied broader rule under both federal common law and Kansas law.


*RBS Citizens, N.A. v. Husain*, 291 F.R.D. 209, 216 (N.D. Ill. 2013). Communications from an attorney are privileged if they contain legal advice or would reveal, directly or indirectly, the substance of a client confidence.
United States v. Mobil Corp., 149 F.R.D. 533, 536 (N.D. Tex. 1993). “The attorney-client privilege protects . . . any communication from an attorney to his client when made in the course of giving legal advice, whether or not that advice is based on privileged communications from the client.”


Cencast Servs., L.P. v. United States, 91 Fed. Cl. 496, 504 (Fed. Cl. 2010). In rejecting the D.C. Circuit’s narrow approach, the Court of Federal Claims stated: “Confidential communications between agency personnel and agency attorneys may be privileged even if the underlying information is not confidential in nature.”


c. Where Lawyer Acts Merely As A Conduit, Communications Are Not Protected

Although many communications from a lawyer to a client are privileged, there is an exception in instances where the lawyer acts merely as conduit for a third party’s message to the client. Instances where the lawyer is acting only as a communicative link are not privileged, and either the lawyer or client can be required to disclose the communication. See, e.g., United States v. Williams, 698 F.3d 374, 380 (7th Cir. 2012) (client was not soliciting legal advice or providing information that the lawyer might use in crafting a defense when he asked his attorney to forward a letter to a third party); Phillips v. C.R. Bard, Inc., 290 F.R.D. 615, 629 (D. Nev. 2013) (merely copying or ‘cc-ing’ legal counsel on an email is not enough to trigger the attorney-client privilege); Wierciszewski v. Granite City Ill. Hosp. Co., Case No. 11-cv-120-GPM-SCW, 2011 WL 5374114, at *1-2 (S.D. Ill. Nov. 7, 2011) (emails on which attorney was copied as a recipient were not privileged because the purpose of the communications was only to keep attorney apprised of developments, not to seek legal advice); Searcy v. eFunds Corp., No. 08 C 985, 2009 WL 562596, at *3 (N.D. Ill. 2009) (“[d]ocuments that would not otherwise be protected from disclosure do not automatically come within the scope of the privilege because they are transmitted to an attorney”); Dawson v. N.Y. Life Ins. Co., 901 F. Supp. 1362, 1366-67 (N.D. Ill. 1995) (cases where attorney is acting as a conduit for factual data do not implicate the privilege); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 69 cmt. i (2000); 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5478 (1st ed. West 2019). In these cases, the purpose of the communication is not to obtain legal assistance and, therefore, the exchanges are not privileged. See Privilege Applies Only To Communications Made For The Purpose Of Securing Legal Advice, § I.D, infra. However, information conveyed to counsel for possible inclusion in a filing, report, or letter that will be sent to others and preliminary drafts of

B. ONLY COMMUNICATIONS BETWEEN PRIVILEGED PERSONS ARE PROTECTED

There are three categories of people who are considered privileged persons:

(1) the client or prospective client,
(2) the lawyer, and
(3) the agents of the client and lawyer.

Restatement (Third) of the Law Governing Lawyers § 70 (2000); Kenneth S. Broun et al., McCormick on Evidence § 91 (7th ed. 2016). To be privileged, both the person sending and the person receiving the communication must fit within one of these three categories. Kenneth S. Broun et al., McCormick on Evidence § 91 (7th ed. 2016); 8 John H. Wigmore, Evidence § 2327 (Supp. 2019). If either the communicating or receiving party is not a privileged person, then the communication is not protected. See, e.g., United States v. Bernard, 877 F.2d 1463, 1464-65 (10th Cir. 1989). Thus, comments addressed to third parties do not come within the privilege. Similarly, the privilege does not apply to communications from third parties to a client, even if they are later communicated to the attorney by the client (however, these communications could become work product—see Work Product Must Be Prepared By Or For A Party Or By Or For Its Representative, § III.A.2, infra). In those cases where the client relates a communication to the attorney and it is impossible to separate the client’s addition from the non-privileged person’s comment, then the entire communication probably would come within the privilege. See Restatement (Third) of the Law Governing Lawyers § 70 cmt. b (2000).

Under certain circumstances, a communication does not have to be made by or to an attorney to obtain protection under the attorney-client privilege. Some courts have held that a document created at the direction of counsel for the purpose of obtaining legal advice, even if never actually transmitted to an attorney, may be protected by the attorney-client privilege so long as the communication remains among privileged parties. See Williams v. Sprint/United Mgmt. Co., 238 F.R.D. 633, 638-40 (D. Kan. 2006); see also Carl Zeiss Vision Int’l Gmbh v. Signet Armolite Inc., No. 07-cv-0894-DMS (POR), 2009 WL 4642388, at *5-6 (S.D. Cal. Dec. 1, 2009) (patent review committee minutes protected by privilege even though sometimes not supplied to a lawyer) (citing Williams); In re Rivastigmine Patent Litig., 237 F.R.D. 69, 80 (S.D.N.Y. 2006), abrogated on other grounds by In re Queen’s Univ. at Kingston, 820 F.3d 1287 (Fed. Cir. 2016); SmithKline Beecham Corp. v. Apotex Corp., 232 F.R.D. 467, 477 (E.D. Pa. 2005); Kintera, Inc. v. Convio, Inc., 219 F.R.D. 503, 514 (S.D. Cal. 2003).

In the corporate context, communications between non-lawyer employees in which they discuss obtaining legal advice or advice received from counsel may be privileged. Helget v. City of Hays, No. 13-2228-KHV-KGG, 2014 WL 1308890, at *2-3 (D. Kan. Mar. 28, 2014)
(communications among non-lawyer employees may be privileged where they are made in confidence for the purpose of obtaining legal advice); Sterling Merch., Inc. v. Nestle, S.A., No. 06-1015(SEC), 2008 WL 3200702, at *1-2 (D.P.R. Aug. 5, 2008) (communication of counsel’s advice from one employee to another was privileged).

1. **Defining The Client**

   a. **In General**

   The client is generally defined as the intended and immediate beneficiary of the lawyer’s services. To be considered a client for the purpose of invoking the attorney-client privilege two conditions must be met:

   1. The client must communicate with the attorney to obtain legal advice, and
   2. The client must interact with the attorney to advance the client’s own interests.

   See Wylie v. Marley Co., 891 F.2d 1463, 1471-72 (10th Cir. 1989); Schilling v. Mid-Am. Apartment Comty’s., Inc., No. A-14-CV-1049-LY, 2016 WL 3211992, at *3 (W.D. Tex. June 9, 2016) (company could not assert that vendor’s in-house counsel was its attorney absent evidence that it sought legal advice from the attorney); Total Recall Techs v. Luckey, No. 15-cv-02281, 2016 WL 2866177, at *3 (N.D. Cal. May 17, 2016) (law firm acted as counsel for partnership, and privilege belonged to partnership, not individual partners); EEOC v. Johnson & Higgins, Inc., No. 93 Civ. 5481, 1998 WL 778369, at *5 (S.D.N.Y. Nov. 6, 1998) (EEOC attorneys could not assert that a group of retirees were their clients during a period of time in the case when the retirees opposed the claim filed by the EEOC).

   Generally, a prospective client is considered to be a client for the purpose of establishing the attorney-client privilege. See Barton v. U.S. Dist. Court, 410 F.3d 1104, 1111 (9th Cir. 2005) (“Prospective clients’ communications with a view to obtaining legal services are plainly covered by the attorney-client privilege under California law, regardless of whether they have retained the lawyer, and regardless of whether they ever retain the lawyer.”); In re Auclair, 961 F.2d 65, 69 (5th Cir. 1992) (communications with group of prospective clients with a common interest can be covered by the privilege); In re Grand Jury Proceedings Under Seal, 947 F.2d 1188, 1190 (4th Cir. 1991); In re Bevill, Bresler & Schulman Asset Mgmt. Corp., 805 F.2d 120, 124 n.1 (3d Cir. 1986) (privilege applies to conversations with both retained and prospective counsel); United States v. Smukler, 333 F. Supp. 3d 484, 491 n.3 (E.D. Pa. 2018) (privilege applied to conversation between attorney and client that occurred one day before attorney was formally retained); Hilton-Rorar v. State & Fed. Commc’ns Inc., No. 5:09-CV-01004, 2010 WL 1486916, at *7 (N.D. Ohio Apr. 13, 2010) (“When a potential client consults with an attorney, the consultation establishes a relationship akin to that of an attorney and existing client . . . .”) (quoting Banner v. City of Flint & Carl Hamilton, 99 F. App’x 29, 36 (6th Cir. 2004)); Lucas v. Gold Standard Banking, Inc., No. 13 CV 1524, 2017 WL 1436863, at *2-3 (N.D. Ill. Apr. 24, 2017) (plaintiffs’ initial meetings with counsel were privileged despite lack of “formal” or “express” attorney-client relationship where plaintiffs
sought advice from lawyer in his capacity as a lawyer, and where plaintiffs and lawyer intended their conversations to be confidential); Vodak v. City of Chi., No. 03 C 2463, 2004 WL 1381043, at *2-3 (N.D. Ill. May 10, 2004) (holding that communications with prospective class members were privileged and noting that “the existence of an attorney-client relationship is not dependent upon the payment of fees or upon the execution of a formal contract”); REV. UNIF. R. EVID. 502(a)(1) (1999); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 70 (2000); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 88 (7th ed. 2016); 3 J ACK W. WEINSTEIN ET AL., WEINSTEIN’S FEDERAL EVIDENCE § 503.11[1] (Lexis 2017). Thus, even if no representation results, the privilege attaches to communications made during an initial consultation with a prospective client.

In class actions, class representatives are generally considered to be the clients of class counsel. E.g., Harlow v. Sprint Nextel Corp., No. 08-2222-KHV-DJW, 2012 WL 646003, at *6 (D. Kan. Feb. 28, 2012) (holding that, following class certification, class members are “clients” of class counsel for the purpose of the attorney-client privilege). Some courts have held that unnamed class members are not considered clients because they do not directly contact the lawyers for legal assistance. In that circumstance, communications between class members who are not class representatives and class counsel may not be privileged. See EEOC v. Republic Servs. Inc., No. 2:04-CV-01352, 2007 WL 465446, at *2 (D. Nev. Feb. 8, 2007) (letter sent by class counsel to putative class members or prospective witnesses not protected by attorney-client privilege); Penk v. Or. State Bd. of Higher Educ., 99 F.R.D. 506, 507 (D. Or. 1982) (information collected confidentially by lawyer for class representatives from non-representative class members was not privileged). But see Barton v. Dist. Court, 410 F.3d 1104, 1111 (9th Cir. 2005) (privilege attached to communications made by potential class members through a law firm website, notwithstanding disclaimer that potential clients were not “forming an attorney client relationship” with the firm); Vodak, 2004 WL 1381043, at *2-3 (holding that privilege attached to questionnaires filled out by potential class plaintiffs in a civil rights claim in which potential class members “reasonably believed that they were consulting counsel in their capacity as lawyers and they completed the questionnaire for the purpose of requesting legal representation”); EEOC v. Int’l Profit Assoc., 206 F.R.D. 215, 219 (N.D. Ill. 2002) (communications between prospective class members and EEOC counsel and their agents are protected from disclosure by the attorney-client privilege); Bauman v. Jacobs Suchard, Inc., 136 F.R.D. 460, 461 (N.D. Ill. 1990) (same); Connelly v. Dun & Bradstreet, Inc., 96 F.R.D. 339, 342 (D. Mass. 1982) (privilege applies to unnamed-class-member communications).

Privilege may exist even if the client does not pay a fee to receive legal services. RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 70 cmt. d (2000); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 88 (7th ed. 1978); see also Westinghouse Elec. Corp. v. Kerr-McGee Corp., 580 F.2d 1311, 1317 (7th Cir. 1978); United Nat’l Records, Inc. v. MCA, Inc., 106 F.R.D. 39, 40 (N.D. Ill. 1985); People v. O’Connor, 447 N.Y.S.2d 553, 556 (N.Y. App. Div. 1982). Thus, a person paying the legal fees for a third person is not a client unless the payor also sought legal advice from the lawyer. See, e.g., In re Grand Jury Proceedings, Cherney, 898 F.2d 565, 567 (7th Cir. 1990); Ex parte Smith, 942 So. 2d 356, 360-61 (Ala. 2006) (directors had a personal attorney-client relationship with outside counsel even though corporation paid directors’ legal bills); Priest v. Hennessy, 409 N.E.2d 983, 987 (N.Y. 1980). But see In re Grand Jury Proceedings, 841 F.2d 230, 231 n.2 (8th Cir. 1988) ( privilege

**b. Organizational Clients**

Although the definition of a client is relatively straightforward for individuals, defining a “client” in an organizational setting is considerably more difficult. Because corporations may only communicate through their employees, it is important to determine who speaks for the corporation and is thus protected by the corporation’s privilege as a client. *See Judson Atkinson Candies, Inc. v. Latini-Hohberger Dhimantec*, 529 F.3d 371, 389 n.4 (7th Cir. 2008) (noting that the attorney-client privilege applies to corporations, which must act through individuals, and finding that communications between a corporation and its attorneys remained protected when an individual who was both the sole shareholder and CEO was privy to those conversations); *Interfaith Hous. Del., Inc. v. Town of Georgetown*, 841 F. Supp. 1393, 1397 (D. Del. 1994) (noting tension between conceiving of a corporation as an entity and a corporation’s ability to act solely through natural persons); *24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5475 (1st ed. West 2019).* The analysis is further complicated because the group that is defined as the client for the purposes of creating the privilege is often more expansive than the group that is entitled to assert or waive the privilege. *See Assertion Of The Attorney-Client Privilege And Depositions Of Counsel, § 1.E.2, infra.*

**1) Defining The Organizational Client – Upjohn**

Historically, courts applying the attorney-client privilege to corporations struggled to determine which corporate employees most closely resembled the traditional “client” in an attorney-client relationship. In doing so, courts often found that the interaction between high-level officers and directors and corporate counsel approximated a traditional attorney-client relationship and was thus deserving of protection. *Radiant Burners, Inc. v. Am. Gas Ass’n*, 320 F.2d 314, 323-24 (7th Cir. 1963) (in determining which employees constituted the client for privilege purposes, the court applied a test called the “control group” test, which designated only upper-level management as the client of corporate counsel and thus protected only the communications of upper-echelon management). Courts reasoned that these managers not only sought legal advice for the organization but also caused the corporation to act on the advice that it received. For employees lower down on the corporation’s organization chart, however, the relationship with organizational counsel tended to resemble a traditional client relationship much less. Moreover, conflicts between the interests of the employee and the organization frequently appeared.

The United States Supreme Court eventually rejected the “control group” test for federal cases in *Upjohn Co. v. United States*, 449 U.S. 383 (1981). *Upjohn* sent privilege analysis in a new direction, and created a less-structured definition of the corporate client. *See 8 CHARLES A. WRIGHT, ARTHUR R. MILLER & RICHARD L. MARCUS, FEDERAL PRACTICE & PROCEDURE § 2017 (3d ed. West 2019) (Upjohn “look[s] more to the motivation of the lawyer to seek out information” than the typical rationale for the privilege – encouraging clients to*
provide information). In that case, Upjohn disclosed to the SEC and IRS the results of an internal investigation conducted by both inside and outside counsel, which uncovered some questionable payments by Upjohn to foreign officials. Based on this report, the IRS began an investigation and subpoenaed the questionnaires underlying the disclosed report. When Upjohn claimed privilege, the IRS initiated suit to enforce the subpoena. The Supreme Court held that the notes of the internal investigators’ interviews with Upjohn’s middle and lower management employees, who were clearly outside of Upjohn’s “control group,” were privileged. *Id.* at 394-95.

The Upjohn Court “decline[d] to lay down a broad rule” to govern the extent of the privilege’s reach, and in so doing rejected the control group test for determining the scope of the corporate attorney-client privilege. *Id.* at 386. In its place, the court set down five factors to guide courts in determining the validity of attorney-client privilege claims for communications between legal counsel and lower-echelon corporate employees:

1. the information is necessary to supply the basis for legal advice to the corporation or was ordered to be communicated by superior officers;
2. the information was not available from “control group” management;
3. the communications concerned matters within the scope of the employees’ duties. See Baxter Travenol Labs., Inc. v. Lemay, 89 F.R.D. 410, 412-14 (S.D. Ohio 1981) (communications with a former employee hired solely for the purposes of assisting in litigation as a litigation consultant were protected even though the communications did not concern matters within the scope of the employee’s duties);
4. the employees were aware that they were being questioned in order for the corporation to secure legal advice; and
5. the communications were considered confidential when made and kept confidential. See Leucadia, Inc. v. Reliance Ins. Co., 101 F.R.D. 674, 678 (S.D.N.Y. 1983) (privilege upheld without showing that the communications were made in reliance on an expectation of confidentiality).

*Upjohn*, 449 U.S. at 394-95. When each of these elements is met, a lower-echelon employee is considered a client for the purpose of the attorney-client privilege, and the employee’s communications with corporate counsel are privileged. *Id.; Bruce v. Christian*, 113 F.R.D. 554, 560 (S.D.N.Y. 1986) (privilege extends to employees’ communications on matters within the scope of their employment and when employee is questioned in confidence in order for employer to obtain legal advice).

*See:*

*Tucker v. Fischbein*, 237 F.3d 275, 288 (3d Cir. 2001). Citing *Upjohn* and holding that conversations between in-house counsel and employee-journalists were privileged because conversation was undertaken to provide legal advice regarding employer’s potential libel exposure.
PaineWebber Grp., Inc. v. Zinsmeyer Trusts P’ship, 187 F.3d 988, 991-92 (8th Cir. 1999). Following Upjohn and holding that attorney’s conversations with employees during internal investigation were privileged.

In re Bieter Co., 16 F.3d 929, 935-36 (8th Cir. 1994). Noting that Upjohn rejected the control group test but did not mandate a specific rule and applying a five-prong test in determining that communication with employees remained privileged.

Davine v. Golub Corp., No. 3:14-30136-MGM, 2017 WL 517749, at *7-8 (D. Mass. Feb. 8, 2017). Non-legal consultant’s report not privileged where consultant interviewed employees without informing employees that information was being gathered in order to provide legal advice to the general counsel.

Helget v. City of Hays, No. 13-2228-KHV-KGG, 2014 WL 1308890, at *2-3 (D. Kan. Mar. 28, 2014). Emails among employees were privileged, even where a lawyer was neither the author nor the recipient of the emails. The emails were made in confidence for the purpose of obtaining legal advice. It was undisputed here that the communications were the direct result of requests by counsel for the City and were for the purpose of obtaining legal advice with respect to responding to plaintiff’s discovery requests.

Freescale Semiconductor, Inc. v. Maxim Integrated Prods., Inc., No. A–13–CV–075–LY, 2013 WL 5874139, at *4 (W.D. Tex. Oct. 30, 2013). An anonymous whistleblower’s initial submission to a company on-line ethics site was not protected by the attorney-client privilege, but subsequent communications between the whistleblower, who was likely an employee of defendant, and counsel for the purpose of obtaining more specific information as part of an investigation into the alleged wrongdoing fell within the scope of the privilege pursuant to Upjohn.

Faloney v. Wachovia Bank, N.A., 254 F.R.D. 204, 212-13 (E.D. Pa. 2008). Email from defendant’s corporate litigation attorney addressed to two bank officials was protected by the attorney-client privilege where (1) the bank officials could provide factual information on defendant’s interaction with payment processors and telemarketers; (2) counsel needed the information from the officials to respond to legal issues raised by government inquiry and possible litigation; (3) the information communicated was within the scope of the officials’ employment; and (4) the officials knew that counsel needed the information to make recommendations regarding defendant’s policies.

Amco Ins. Co. v. Madera Quality Nut LLC, No. 1:04-cv-06456-SMS, 2006 WL 931437, at *8-9 (E.D. Cal. Apr. 11, 2006). Communications exchanged between company employees and in-house counsel and counsel’s agents as part of an internal investigation were privileged communications; the dominant purpose was to obtain factual information in order to give legal advice.

Lugosch v. Congel, 218 F.R.D. 41, 47 (N.D.N.Y. 2003). Following Upjohn and holding that “statements made by employees, of any station or level within a corporation or a sophisticated business structure, to an attorney or the attorney’s agent which were done in confidence and outside the purview of others are protected.”

Some jurisdictions place extra emphasis on the first element of the Upjohn test by requiring that a senior authority direct the lower-level employee to make the confidential communication. See Indep. Petrochem. Corp. v. Aetna Cas. & Sur. Co., 654 F. Supp. 1334, 1364-65 (D.D.C. 1986), aff’d in part, rev’d in part, 944 F.2d 940 (D.C. Cir. 1991) (no privilege for volunteered communications of a district manager who was not in the control group and who was not directed by his superiors to communicate with company attorneys). Other courts, and the Restatement, reject this approach and consider disclosures to be impliedly authorized if made in the interests of the corporation. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 73 cmt. h (2000).
The test developed in *Upjohn* makes no distinction with regard to an agent’s position or degree of decision-making responsibility. Instead, the privilege turns on whether the employee imparted information to the lawyer or received assistance from the lawyer on behalf of the organization. *Upjohn*, 449 U.S. at 394-95.

While much of the case law involves the application of *Upjohn* to corporations, the same standards apply to other organizations such as unincorporated associations, partnerships, and other for-profit or not-for-profit organizations. See generally Kneeland v. Nat’l Collegiate Athletic Ass’n, 650 F. Supp. 1076, 1087 (W.D. Tex. 1986), rev’d on other grounds, 850 F.2d 224 (5th Cir. 1988) ( privilege assumed to apply to unincorporated associations); *Restatement (Third) of the Law Governing Lawyers* § 73 (2000).

See also:

*In re Bieter Co.,* 16 F.3d 929, 935-40 (8th Cir. 1994). Following *Upjohn* and concluding that communications between partnership and consultant to partnership were privileged.


*Nesse v. Shaw Pittman,* 206 F.R.D. 325, 329-30 (D.D.C. 2002). Internal communications among lawyers of a law firm were deemed privileged pursuant to *Upjohn* where internal investigation was conducted regarding manner in which the firm withdrew from a matter.

*United States v. Am. Soc’y of Composers, Authors & Publishers,* 129 F. Supp. 2d 327, 337-38 (S.D.N.Y. 2001). Noting traditional rule that attorney represents individual members of unincorporated association, but further observing that evolving ethical rules now recognize the association as the client.

State courts and federal courts sitting in exercise of diversity jurisdiction are not bound by the *Upjohn* decision and have adopted various tests for defining the organizational client. See *State Court Definitions Of The Organizational Client,* § 1.B.1.b(5), infra.

Although *Upjohn* is controlling in federal courts applying federal law, the current Restatement espouses a slightly different articulation of the privilege, adopting a pre-*Upjohn* test known as the “subject matter” test, which was first developed in *Harper & Row Publishers, Inc. v. Decker,* 423 F.2d 487, 491-92 (7th Cir. 1970), and modified in *Diversified Industries, Inc. v. Meredith,* 572 F.2d 596, 608-09 (8th Cir. 1977). See *Restatement (Third) of the Law Governing Lawyers* § 73 (2000). Under this “subject matter” test, the privilege extends to communications of any agent or employee of the corporation so long as the communication relates to a subject matter for which the organization is seeking legal representation. Under *Upjohn,* the subject matter of the communication is but one factor to consider.

The High Court of Justice of England and Wales has taken a different approach, applying a narrow interpretation of the “client.” In *The RBS Rights Issue Litigation,* [2016] EWHC 3131 (ch) (08 December 2016), the court held that interviews of RBS employees, conducted by the corporation’s counsel during internal investigations, were not privileged because the employees in question were not considered to be part of the client for purposes of the privilege. The court stated that the corporate client consists only of a small “Inquiry Unit” – those employees authorized to seek and receive legal advice from counsel – not employees
more generally. As a result, the court ordered the disclosure of notes and interview memoranda prepared by U.S.-based attorneys during internal investigations conducted in the United States in response to SEC subpoenas and an internal complaint. More recently, in Serious Fraud Office v. Eurasian Natural Resources Corp. LTD, [2017] EWHC 1017 (QB) (08 May 2017), the court held that privilege did not apply to persons interviewed because those individuals were not authorized to seek or receive legal advice on behalf of the company, and the communications between the individuals interviewed and the solicitors conducting the interviews were not communications in the course of conveying instructions to the solicitors on behalf of the corporate client.

For a discussion of the application of the attorney-client privilege to communications within law firms with attorneys acting as in-house counsel, see Internal Communications With Law Firm In-House Counsel, § I.I.4, infra.

(2) Functional Equivalent of an Employee

In the context of representing a corporate client, it is sometimes necessary for counsel to communicate with non-employees who are intimately familiar with or play a significant role in the corporation’s business. Where it can be said that the non-employee is the “functional equivalent” of an employee, some courts will protect the communications. The leading case on this approach is In re Bieter Co., 16 F.3d 929, 938-39 (8th Cir. 1994). In Bieter, a partnership, Bieter, relied on an independent contractor, Klohs, to conduct the partnership’s business. Klohs had daily interaction with one of the partnership’s principals; he worked out of Bieter’s offices and often attended meetings, either with the principal or alone, regarding Bieter’s business transactions and the subsequent litigation. Id. at 934. The court held that, as the “functional equivalent” of an employee, Klohs acted as the representative of the client, and his communications with Bieter’s counsel were within the attorney-client privilege. Id. at 937.

The court cited proposed Federal Rule of Evidence 503, which protects communications between the client “or his representative” and the client’s lawyer or lawyer’s representative. Id. at 935. Finding that confining “representative” to employees would defeat the purpose of the United States Supreme Court’s ruling in Upjohn Co. v. United States, 449 U.S. 383 (1981), the court held that “there is no principled basis to distinguish Kloh’s role from that of an employee” if “he was in all relevant respects the functional equivalent of an employee.” Id. at 938.

A number of courts have applied the “functional equivalent” test:

United States v. Graf, 610 F.3d 1148, 1157-59 (9th Cir. 2010). The court adopted the Eighth Circuit’s test from Bieter and found that an independent contractor was the “functional equivalent” of an employee and, therefore, the contractor’s discussions with the company’s counsel fell within the company’s attorney-client privilege. The independent contractor “regularly communicated with [third parties] on behalf of [the company], marketed the company’s insurance plans, managed its employees, and was the company’s voice in its communications with counsel.”

Fosbre v. Las Vegas Sands Corp., No. 210CV00765APGGWF, 2016 WL 183476, at *5-6 (D. Nev. Jan. 14, 2016). Communications between company, lawyer, and non-lawyer management consultants may be privileged, but that privilege only exists where individual consulting firm employees were proper participants in or recipients of confidential communications for the purpose of obtaining legal advice.
The privilege did not apply to all communications involving all consulting firm employees assigned to work with the company.

Smith v. Unilife Corp., Civil Action No. 13-501, 2015 WL 667432, at *3 (E.D. Pa. Feb. 13, 2015). Communications between company and non-lawyer consultants regarding drafts of SEC Form 10-K reports were privileged under the functional equivalent doctrine. “A trial judge is not in a good position to second-guess a corporate decision to rely on an independent consultant or an employee to accomplish a specific task and/or to make recommendations to the CEO or general counsel.”

Schaeffer v. Gregory Village Partners, L.P., 78 F. Supp. 3d 1198, 1203 (N.D. Cal. Jan. 26, 2015). Public relations consultant was functional equivalent of an employee where he was directly involved in project for which he had been engaged, he met with the company’s board to develop strategy, developed talking points to be used with government officials, attended meeting with third party stakeholders and, along with company counsel, participated in public meetings conducted by the local municipality.

Church & Dwight Co., Inc. v. SPD Swiss Precision Diagnostics, GmbH, No. 14-civ-585, 2014 WL 7238354, at *3 (S.D.N.Y. Dec. 19, 2014). Marketing firm hired to assist with launch of product not the functional equivalent of an employee. The company did not establish the marketing firm had primary responsibility for a key corporate job, or that there was a continuous and close working relationship between the firm and the company’s principals on matter of critical importance to the litigation, or that the consultant “is likely to possess information possessed by no one else at the company.”

King Drug Co. of Florence, Inc. v. Cephalon, Inc., Nos. 2:06–cv–1797, 2:08–cv–2141, 2013 WL 4836752, at *6-7 (E.D. Pa. Sept. 11, 2013). Following the broad approach of the “functional equivalent” test, the court held that communications with consultants who were hired not to perform a litigation function but to prepare business and marketing plans, who had dedicated office space within the defendant company and were subject to confidentiality agreements, and who worked closely with defendant’s employees to provide managerial support and strategic advice fell within the scope of the attorney-client privilege.

In re Flonase Antitrust Litig., 879 F. Supp. 2d 454, 460 (E.D. Pa. 2012). The court broadly interpreted the functional equivalent doctrine to include a consultant that acted as an integrated member of company.

Steinfeld v. IMS Health Inc., No. 10 Civ. 3301(CS)(PED), 2011 WL 6179505, at *1-4 (S.D.N.Y. Dec 9, 2011). The court held that an outside consultant retained to advise a corporation about executive compensation and benefits plans was not the functional equivalent of an employee, because: (1) the corporation did not routinely use contractors in lieu of employees; (2) the consultant had not publicly represented the corporation; (3) the consultant was not frequently physically present in the corporation’s offices; (4) the corporation did not lack internal resources, necessitating the consultant’s services; (5) the consultant was not vested with independent decisionmaking authority; and (6) the consultant never sought legal advice on behalf of the corporation.

Trs. of the Elec. Workers Local No. 26 Pension Trust Fund v. Trust Fund Advisors, Inc., 266 F.R.D. 1, 7-9 (D.D.C. 2010). Presence of non-employee consultants during a privileged board meeting did not waive the privilege. Plaintiff Pension Trust was administered by the Board of Trustees and had no employees. Instead, it used paid consultants to perform duties that otherwise would have been performed by paid employees. Therefore, the consultants were the functional equivalent of employees. They had significant managerial responsibility that typically would have been performed by high-level corporate managers.

Jones v. Nissan N. Am., Inc., No. 3:07-0645, 2008 WL 4366055, at *7 (M.D. Tenn. Sept. 17, 2008). Presence of a non-employee medical director in meeting with company’s in-house and outside trial counsel did not waive privilege. Where non-employee medical director was custodian of company’s medical records, including medical restrictions for plaintiff employee, medical director had a “significant relationship” to company’s employment dispute with plaintiff.
Every Penny Counts, Inc. v. Am. Express Co., No. 8:07-cv-1255-T-26MAP, 2008 WL 2074407, at *2 (M.D. Fla. May 15, 2008). Individual who assisted plaintiff with patent claim drafting and marketing efforts was a de facto consultant such that an email from plaintiff’s president to him and to plaintiff’s attorney was privileged even before a formal written consulting agreement was signed.

Davis v. City of Seattle, No. C06-1659Z, 2007 WL 4166154, at *4 (W.D. Wash. Nov. 20, 2007). Attorney-client privilege applied to draft reports communicated to organization’s counsel by an outside attorney investigator. Under the factors outlined in Bieter, the court found that the investigator was the functional equivalent of an employee, that the drafts reflected information developed within the scope of her duties, and that the drafts constituted communications with organization’s counsel to provide counsel with information necessary to inform counsel’s advice.


Alliance Constr. Solutions, Inc. v. Dep’t of Corp., 54 P.3d 861, 867, 870-71 (Colo. 2002). Applying Bieter analysis, court held that independent contractor of government agency was the functional equivalent of an employee and, therefore, within the privilege.

Dialysis Clinic, Inc. v. Medley, 567 S.W.3d 314, 316 (Tenn. 2019). Property management company was the functional equivalent of an employee of corporate owner of commercial properties.

But see:

In re Restasis (Cyclosporine Ophthalmic Emulsion) Antitrust Litigation, 352 F. Supp. 3d 207, 213-14 (E.D.N.Y. 2019). Court noted that the Second Circuit has not yet addressed the “functional equivalent” exception and expressed skepticism that it would adopt it.

BSP Software, LLC v. Motio, Inc., No. 12 C 2100, 2013 WL 3456870, at *2-3 (N.D. Ill. July 9, 2013). The court criticized the functional equivalent test and held that a company’s disclosure of privileged materials to an advisory board waived the privilege.

Export-Import Bank of U.S. v. Asia Pulp & Paper Co., Ltd., 232 F.R.D. 103, 113 (S.D.N.Y. 2005). To determine whether a consultant should be considered the functional equivalent of an employee, courts look to: (1) whether the consultant had primary responsibility for a key corporate job; (2) whether there was a continuous and close working relationship between the consultant and the company’s principals on matters critical to the company’s position in litigation; and (3) whether the consultant is likely to possess information possessed by no one else at the company. Company’s financial advisors failed to meet this test.

See also:

Stafford Trading, Inc. v. Lovely, No. 05-C-4868, 2007 WL 611252, at *7 (N.D. Ill. Feb. 22, 2007). Discussing Bieter and holding that independent contractor who typically provides financial services is a privileged agent when it communicated with corporate client’s in-house and outside attorneys for client’s purpose of obtaining legal advice during purchase of a corporation.

For an analysis of the application of the attorney-client privilege specifically related to communications with financial consultants, see also John A. Harrington, Matt D. Basil, & Michaelene R. Martin, *Third-Party Communications*, 3 BLOOMBERG CORPORATE L.J. 113 (2008).

(3) Representation Of Individual Employees By Organizational Counsel

When an employee is deemed a part of the organizational client, the organization enjoys the protection of the privilege for that employee’s communications. Likewise, if the corporation believes that it is in its best interest to waive its attorney-client privilege for the employee’s communications, the communications are subject to discovery unless the employee possesses an individual claim of attorney-client privilege. In order to maximize the corporation’s ability to protect its privilege and to control its ability to waive privilege if it decides to do so at a later date, it is important – particularly in the context of an internal investigation – that corporate counsel clearly explain that (1) counsel represents the corporation and not the employee, (2) the privilege belongs to the corporation and not to the employee, and (3) the employee should keep the communication confidential.

To assert an individual claim of privilege over a communication between an employee and organizational counsel, the employee must independently prove the existence of each of the traditional elements of the privilege. See *United States v. Ruehle*, 583 F.3d 600, 607 (9th Cir. 2009); *United States v. Keplinger*, 776 F.2d 678, 700 (7th Cir. 1985); see also RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 73 cmt. j (2000); Gregory I. Massing, Note, *The Fifth Amendment, the Attorney-Client Privilege, and the Prosecution of White-Collar Crime*, 75 VA. L. REV. 1179, 1196 (1989). Where the employee alleges that a personal attorney-client relationship exists with the organizational lawyer, the employee bears the burden of proving that the statements were made in the employee’s individual capacity, not in the employee’s capacity as an employee of the organizational client. See *Odmark v. Westside Bancorporation, Inc.*, 636 F. Supp. 552, 555-56 (W.D. Wash. 1986); *In re Grand Jury Proceedings*, 434 F. Supp. 648, 650 (E.D. Mich. 1977), aff’d, 570 F.2d 562 (6th Cir. 1978).

If counsel represents only the corporation and has informed the employee of that fact, the employee is not personally a client of the corporation’s attorney and no individual privilege arises to protect the employee. See *United States v. Demauro*, 581 F.2d 50, 55 (2d Cir. 1978) (employee unable to assert privilege when he could not prove that he believed counsel was representing him); *United States v. Ferrell*, No. CR07-0066MJP, 2007 WL 2220213 (W.D. Wash. Aug. 1, 2007) (government employee could not assert privilege where government attorney did not represent employee); *United States v. Stein*, 463 F. Supp. 2d 459, 465 (S.D.N.Y. 2006) (holding that partnership had authority to waive attorney-client privilege with respect to communications between partnership’s counsel and one of the partners, even when communication could expose that partner to personal liability); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 73 cmt. j (2000). Moreover, counsel representing a corporation may not be under an affirmative obligation to advise a corporate employee of his right to retain personal counsel, even if the corporation’s counsel plans to elicit statements that may criminally inculpate the employee. See *United States v. Calhoon*, 859 F. Supp. 1496, 1498 (M.D. Ga. 1994). As a result, the organization may be able to invoke the privilege for...
some communications while the employee cannot. For example, in United States v. Keplinger, 776 F.2d 678, 700 (7th Cir. 1985), several employees were questioned by their employer’s counsel about laboratory safety studies. When the employees were later charged with making fraudulent statements and the employer sought to use their statements against them, the court found that the employees never sought nor inquired about individual representation and that their employer’s attorneys had neither believed nor represented to the employees that they were acting as counsel to the employees. *Id.* As a result, no personal attorney-client relationship existed between the employees and counsel, and the court held that the employees could not assert the attorney-client privilege to suppress their own statements. *Id.*; see also Commodity Futures Trading Comm’n v. Weintraub, 471 U.S. 343, 348-49 (1985); In re Bevill, Bresler & Schulman Asset Mgmt. Corp., 805 F.2d 120, 124-25 (3d Cir. 1986); SEC v. Nicita, No. 07CV0772 WQH (AJB), 2008 WL 170010, at *4 (S.D. Cal. Jan. 16, 2008) (respondents, former officers of a corporation being investigated by the SEC for allegedly manipulating earnings, could not assert attorney-client privilege to protect documents and testimony when the privilege belonged to the corporation and the corporation had waived it).

If the organization has a conflict of interest with the employee, the organization’s lawyer may not purport to represent both. See *Restatement (Third) of the Law Governing Lawyers § 73 cmt. j (2000); Ethical Considerations: Dual Representation, § IX.C.1, infra.* See also Yanez v. Brian Plummer, 164 Cal. Rptr. 3d 309, 313-16 (Cal. Ct. App. 2013) (in-house counsel’s joint representation of company and its employee who was the sole witness of a slip and fall that injured another employee presented triable issues of fact regarding the employee’s allegations of malpractice against counsel following his termination where the interest of the company and the employee were adverse and in-house counsel failed to obtain informed consent from the employee). If the corporate attorney fails to make clear to an employee that the attorney is representing the corporation and not the employee, then the attorney may be disqualified from representing the corporation in later litigation against the employee. *See, e.g., Chase Manhattan Bank v. Higgerson, No. 17864/84, 1984 N.Y. Misc. LEXIS 3411 (N.Y. Sup. Ct. Oct. 11, 1984) (disqualifying counsel).* However, an employee has the heavy burden of establishing that corporate counsel was providing dual representation to both the corporation and the individual. See United States v. Int’l Bhd. of Teamsters, 119 F.3d 210, 217 (2d Cir. 1997) (employee failed to prove dual representation even though entity’s attorneys “did not do all that they could have done to clarify the conflicts of interest that . . . develop between organizations and their employees”). A subjective belief that the attorney was representing the individual employee is not enough to establish an attorney-client relationship. Cole v. Ruidoso Mun. Sch., 43 F.3d 1373, 1384-85 (10th Cir. 1994); MacKenzie-Childs LLC v. MacKenzie-Childs, 262 F.R.D. 241, 253-55 (W.D.N.Y. 2009) (employees who were the “sole shareholders and ultimate decisionmakers of a closely-held corporation” did not enter into a personal attorney-client relationship with corporate counsel because the employees never made it clear to counsel that they were seeking personal legal advice).

In *In re Bevill Bresler & Schulman Asset Management Corporation,* 805 F.2d 120, 123 (3rd Cir. 1986), the court held that an employee seeking to prove that she was being represented individually by corporate counsel must show:

(1) the employee approached corporate counsel for the purpose of seeking legal advice;
the employee made it clear that she was seeking advice in an individual capacity;

(3) counsel sought to communicate with the employee in an individual capacity, mindful of possible conflicts;

(4) the communications were confidential; and

(5) the communications did not concern the employee’s official duties or general affairs of the company.

See also United States v. Graf, 610 F.3d 1148, 1159-61 (9th Cir. 2010) (adopting the Bevill test); In re Grand Jury Subpoena, 274 F.3d 563, 571-72 (1st Cir. 2001) (citing Bevill standard with approval); In re Grand Jury Subpoenas, 144 F.3d 653, 659 (10th Cir. 1998) (hospital officers sufficiently established that the hospital’s attorneys represented them individually by testifying that each officer sought the advice of the attorneys in his individual capacity and confidential communications occurred between them regarding personal matters); United States v. Int’l Bhd. of Teamsters, 119 F.3d 210, 217 (2d Cir. 1997) (employee failed sufficiently to establish that he was being represented individually by his employer’s counsel because the employee neither sought nor received legal advice from his employer’s counsel on personal matters).

Some courts have lessened the showing an employee must make to prove that organizational counsel is personally representing the employee. In these jurisdictions, if a lawyer fails to clarify that she is solely representing the organization, then the employee can assert the privilege if the employee reasonably believed that the lawyer represented the employee. United States v. Hart, No. Crim. A. 92-219, 1992 WL 348425, at *1-2 (E.D. La. Nov. 16, 1992) (employees reasonably believed that corporate counsel was representing them individually and therefore could invoke privilege); see also RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 14 cmt. f (2000).

But see Int’l Bhd. of Teamsters, 119 F.3d at 216 (rejecting employee’s assertion that the privilege should apply because he reasonably believed that employer’s attorney was representing him in his individual capacity).

Compare:

In re Grand Jury Subpoena, 274 F.3d 563, 571 (1st Cir. 2001). Following In re Bevill, Bresler & Schulman Asset Mgmt. Corp., 805 F.2d 120, 124-25 (3d Cir. 1986), and concluding that privilege can potentially attach between corporate counsel and employees, but that privilege is limited to employees’ personal rights.

In re Subpoena Issued to Friedman, 286 B.R. 505, 508 (S.D.N.Y. 2002). Officers of debtor corporation may only assert privilege over communications with debtor’s counsel if counsel represented officers in an individual capacity.

With:

United States v. Munoz, 233 F.3d 1117, 1128 (9th Cir. 2000), superseded by statute on other grounds. Attorney-client relationship did not exist because defendant offered no evidence that he consulted with attorney for personal legal advice.
In re Cardinal Fastener & Specialty Co., No. 11–15719, 2013 WL 425858, at *6 (Bankr. N.D. Ohio Feb. 4, 2013). Debtor’s individual officers and directors could not assert privilege over documents belonging to the debtor, since outside counsel acted as special counsel only for the debtor and outside counsel had never prepared any documents on behalf of the individuals.

Kennedy v. Gulf Coast Cancer & Diagnostic Ctr. at Se., Inc., 326 S.W.3d 352 (Tex. App. 2010). Outside law firm’s memorandum belonged to the corporation, not the corporation’s former in-house counsel who requested it and who, in his personal capacity, was a client of the outside law firm. In the memorandum, the law firm wrote that it had been retained “only to provide advice to the Company” and employees “should obtain independent counsel.”

The decision in United States v. Ruehle, 583 F.3d 600 (9th Cir. 2009), is particularly instructive regarding both the importance of corporate counsel clarifying its role as representing only the corporation, and the heavy burden that a corporate employee may face when attempting to assert individual privilege. In Ruehle, Broadcom’s outside counsel conducted an internal investigation regarding potential stock options backdating. As part of the investigation, counsel interviewed Broadcom’s CFO, Ruehle. Id. at 602. Broadcom disclosed the results of the investigation to its outside auditors and, later, to the government. Id. at 604-05. The SEC and the United States Attorney’s Office commenced formal enforcement and grand jury investigations, resulting in a grand jury indictment of Ruehle. Id. at 605. Ruehle moved to exclude evidence regarding statements he made during the internal investigation based on an individual attorney-client privilege over communications with Broadcom’s outside counsel. Id. Complicating the case were: (1) that Ruehle and counsel disputed whether counsel had given Ruehle a “corporate Miranda warning”; and (2) that corporate counsel was simultaneously representing Ruehle individually in a different matter. Id. at 605-06.

The trial court focused on counsel’s failure to adequately inform Ruehle that counsel was representing only the corporation and not Ruehle individually. United States v. Nicholas, 606 F. Supp.2d 1109 (S.D. Cal. 2009), rev’d in part sub nom, United States v. Ruehle, 583 F.3d 600 (9th Cir. 2009). Applying California law, the trial court held that Ruehle’s communications with counsel were privileged and should be excluded from the criminal proceeding. The trial court also found that counsel had breached its ethical duties and referred the matter to the California State Bar for appropriate discipline. 606 F. Supp. 2d at 1121.

The appellate court reversed with respect to Ruehle’s assertion of privilege. Applying federal common law, the court held that, although there was a dispute regarding whether counsel had given Ruehle a “corporate Miranda warning,” Ruehle could not assert privilege because Ruehle was aware at the time he communicated with corporate counsel that the corporation intended to disclose the results of its investigation to the company’s outside auditors and to the government. 583 F.3d at 608. As a result, Ruehle failed to demonstrate that his communications with counsel were “made in confidence.” Id. at 609. The appellate court noted that Ruehle was a senior officer of a sophisticated, publicly traded company and that Ruehle had been intimately involved in all aspects of the internal investigation, including the decision at the outset to disclose information to its auditors and the government. Id. at 610.

The appellate court described a “so-called Upjohn or corporate Miranda warning”: “Such warnings make clear that the corporate lawyers do not represent the individual employee, that anything said by the employee to the lawyers will be protected by the
company’s attorney-client privilege subject to waiver of the privilege in the sole discretion of the company; and that the individual may wish to consult with his own attorney if he has any concerns about his own potential legal exposure.” Id. at 604 n.3 (citing Upjohn v. United States, 449 U.S. 383, 393-96 (1981)).

The ethical implications of organizational counsel representing individual employees are further discussed in Ethical Considerations: Dual Representation, § IX.C.1, infra.

(4) Former Employees Of Organizational Clients

A problem often arises when a former employee has communicated with an organization’s attorney after his employment has ended and the organization attempts to invoke the privilege to protect these exchanges. The courts disagree over whether communications between former employees and organizational counsel are privileged in these cases. Compare:

Upjohn Co. v. United States, 449 U.S. 383, 402-03 (1981) (Burger, C.J., concurring). A communication is privileged when a former employee speaks at the direction of management with a corporate attorney about conduct or proposed conduct within the scope of her employment.

In re Allen, 106 F.3d 582, 606 (4th Cir. 1997). Privilege precluded inquiry into interview conducted by investigating attorney with former employee.

Favala v. Cumberland Eng’g Co., 17 F.3d 987, 990 (7th Cir. 1994). The court held that a former employee could not be prevented from testifying but could not testify about communications with the company’s attorney.

Admiral Ins. Co. v. U.S. Dist. Court for Dist. of Ariz., 881 F.2d 1486, 1492-93 (9th Cir. 1989). Counsel interviewed two high-level managerial employees about pending securities litigation. After the interviews, the two employees quit. The court found that the privilege extended to the former employees. Court noted that the employees knew at the time of the interviews that the communications were to secure legal advice for the corporation.


In re Worldwide Wholesale Lumber, Inc., 392 B.R. 197, 202-03 (Bankr. D.S.C. 2008). Privilege applied to protect post-bankruptcy petition communications between former officer and director of debtor company and trustee’s counsel when communications were for the purpose of investigation and rendering advice to trustee, who was the debtor’s successor.

With:

In re Grand Jury Subpoena: Under Seal, 415 F.3d 333, 339-40 (4th Cir. 2005). Holding that privilege did not apply to conversations between corporation’s outside counsel and former employees. Counsel to the former employer told employees that they represented the employer and that, absent a conflict, they could also represent the employee. Former employees did not, in fact, enter into an attorney-client relationship with attorneys, however, and privilege therefore did not apply.

United States v. Merck-Medco Managed Care, LLC, 340 F. Supp. 2d 554, 557-58 (E.D. Pa. 2004). Holding that former employee’s communications with counsel during the term of her employment were privileged but that subsequent conversations were not privileged.


Infosys., Inc. v. Ceridian Corp, 197 F.R.D. 303, 306 (E.D. Mich. 2000). Except in very limited circumstances, “counsel’s communications with a former employee of the client corporation generally should be treated no differently from communications with any other third-party fact witness.” Those limited circumstances include situations in which a privileged communication occurred during the course of employment or “where the present-day communication concerns a confidential matter that was uniquely within the knowledge of the former employee when he worked for the client corporation, such that counsel’s communication with this former employee must be cloaked with the privilege in order for meaningful fact-gathering to occur.”

City of N.Y. v. Coastal Oil N.Y., Inc., No. 96 Civ. 8667 (RPP), 2000 WL 145748, at *2 (S.D.N.Y. Feb. 7, 2000). The privilege did not apply to communications between in-house counsel and a former employee during deposition preparation where in-house counsel was not conducting an investigation.

Peralta v. Cendant Corp., 190 F.R.D. 38, 41-42 (D. Conn. 1999). Where former employee is unrepresented by former employer’s counsel, privilege applies only to matters that former employee was aware of as a result of her employment. Information conveyed by counsel that goes beyond that knowledge is not protected by the attorney-client privilege, although the opinions and conclusions of counsel would be protected by the work product doctrine.


post-employment communications with former employees of a corporate client. Former employees do not share an identity of interest in the outcome of the litigation. Their willingness to provide information is unrelated to direction from former corporate superiors, and they have no duty to their former employers to provide information. “It is virtually impossible to distinguish the position of a former employee from any other third party who might have pertinent information about one or more corporate parties to a lawsuit.”


Generally, a former employee must have an agency obligation at the time he communicates with the organizational attorney for the communication to be privileged. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 73 cmt. e (2000). Several courts have held that post-employment communications of senior officers concerning a matter within the scope of the former officers’ duties are privileged. See, e.g., Admiral Ins. Co. v. U.S. Dist. Court for Dist. of Ariz., 881 F.2d 1486, 1493 (9th Cir. 1989); In re Coordinated Pretrial Proceedings in Petroleum Prods. Antitrust Litig., 658 F.2d 1355, 1361 n.7 (9th Cir. 1981); Amarin Plastics, Inc. v. Md. Cup Corp., 116 F.R.D. 36, 41 (D. Mass. 1987). Although it will generally be the case, many courts do not require the privileged information to have been acquired during employment. See Chancellor v. Boeing Co., 678 F. Supp. 250, 253-54 (D. Kan. 1988) (ex-employee who had personal involvement in the actions involved in the suit cannot be interviewed).

Because former employees are no longer agents of the corporate entity, corporate documents in their possession are not held in a representational capacity. Such employees, in response to discovery requests for production of the documents, may assert their Fifth Amendment rights and refuse to produce such documents if “the act of production is, itself, (1) compelled, (2) testimonial, and (3) incriminating.” See In re Three Grand Jury Subpoenas Duces Tecum Dated Jan. 29, 1999, 191 F.3d 173, 178 (2d Cir. 1999). When former employees themselves seek to access or review privileged documents from the period of their employment that are held by the corporate entity, courts have been willing to allow them to do so in limited circumstances. See People v. Greenberg, 851 N.Y.S.2d 196, 199-202 (N.Y. App. Div. 2008) (holding, in an action against a corporation and two former officers and directors, that the officers and directors could inspect privileged legal memoranda relating to the transactions that were the basis for the Attorney General’s suit in order to prepare their defenses). See Privilege Within The Corporation, § 1.B.1.b(6), infra.

The issue of whether an attorney can ethically interview an opposing corporation’s former employees is discussed in Ethical Considerations: Former Employees, § IX.C.2, infra.

(5) State Court Definitions Of The Organizational Client

The Upjohn opinion is controlling only for federal courts applying federal law. Nevertheless, many states have followed the Upjohn definition of the corporate client.
See:

_Samaritan Found v. Goodfarb_, 862 P.2d 870, 873-74 (Ariz. 1993). Not explicitly adopting _Upjohn_, but holding that when determining the scope of the attorney-client privilege, Court should focus on the subject matter and nature of the communication rather than the rank of the speaker.


_Wardleigh v. Second Judicial Dist. Court in & for Cnty. of Washoe_, 891 P.2d 1180, 1185 (Nev. 1995). Approving the test announced in _Upjohn_, but holding that homeowners in a homeowners’ association were not the equivalent of employees in a corporation.


_Baisley v. Missisquoi Cemetary Ass’n_, 708 A.2d 924, 931 (Vt. 1998). Agreeing with _Upjohn_ that “the control-group test is too limited to implement fully the attorney-client privilege in the corporate or association setting,” and considering the subject matter and modified subject matter tests, but failing to adopt a specific test.

State courts that have declined to follow _Upjohn_ have established their own rules for applying the attorney-client privilege to corporations. Some states still follow the “control group” test. Under this test, only upper-level management is considered a client for purposes of the attorney-client privilege. _See_, e.g., _ME. R. EVID. 502(a)(2)_ (“A ‘representative of the client’ is one having authority to obtain professional legal services, or to act on advice rendered pursuant thereto, on behalf of the client.”); _HAW. R. EVID. 503(a)(2), HAW. REV. STAT. § 626-1_ (West 2016) (same). Thus, comments by lower-echelon employees to corporate counsel are unprotected. This test has been criticized because it fails to recognize that the division of functions in corporations often separates decision-makers from those knowing relevant facts. _See_ _Upjohn v. United States_, 449 U.S. 383, 390-91 (1981); _Faloney v. Wachovia_, 254 F.R.D. 204, 212-13 (E.D. Pa. 2008) (noting the policy behind applying a broad test to protecting communications between corporate employees and counsel and observing that, absent a broad test, “in-house counsel would be wary of engaging in a candid exchange to alter business decisions that may run afoul of the law”). Some states still apply the “control group” test.

See:

_Wigod v. Wells Fargo Bank, N.A._, No. 10-2348, Slip. Op., at *4-5 (N.D. Ill. Nov. 9, 2012). An internal company email between the legal department and the media relations department was not privileged because members of the media relations department did not advise management and were not part of the control group.

_Jentz v. ConAgra Foods_, Nos. 10-0474, 10-0952, 2011 WL 3325669, at *1-3 (S.D. Ill. Nov. 3, 2011). Applying Illinois law, the court held that transmission of an attorney-client privileged communication from a member of a company’s control group to lower level employees in the human resources department waived the privilege.

bio-medical service contracts was not “involved in decisionmaking at the highest levels” and therefore was not within protected control group.

Langdon v. Champion, 752 P.2d 999, 1002 (Alaska 1988). Noting that the commentary to Alaska Rule of Evidence 503(a) “was included in the Rules solely as a means by which to adopt the ‘control group’ test governing assertion of the attorney-client privilege by corporate clients.”

Consolidation Coal Co. v. Bucyrus-Erie Co., 432 N.E.2d 250, 256-58 (Ill. 1982). The court rejected the Upjohn approach and adopted the “control group” test, which protects communications between counsel and corporate decisionmakers or those “who substantially influence corporate decisions.” As a practical matter, the only communications that will ordinarily be protected are those made by top management who have the ability to make a final decision.

Midwesco-Paschen Joint Venture for Viking Projects v. Imo Indus., Inc., 638 N.E.2d 322, 325-26 (Ill. App. Ct. 1994). The court expanded the control group test of Consolidation Coal to include two tiers of corporate employees whose communications with corporate counsel are protected: (1) the decision makers (i.e., top management), and (2) employees who directly advise top management.

Other courts have adopted different tests. Some have adopted a “subject matter” approach, which extends the attorney-client privilege “to those communications between attorneys and all agents or employees of the organization who are authorized to act or speak for the organization in relation to the subject matter of the communication.” Hubka v. Pennfield Twp., 494 N.W.2d 800, 802 (Mich. Ct. App. 1992), rev’d in part on other grounds, 504 N.W.2d 183 (Mich. 1993).

See also:

In re Avantel, S.A., 343 F.3d 311, 318 (5th Cir. 2003). Noting that, by statutory adoption, Texas rejected the “control group” test in favor of the “subject matter” test in 1998.

United Investors Life Ins. Co. v. Nationwide Life Ins. Co., 233 F.R.D. 483, 487 (N.D. Miss. 2006). Applying Mississippi law to hold that communications by employee were protected when employee has “authority to obtain professional legal services, or to act on advice rendered pursuant thereto, on behalf of the client or [when] an employee of the client [has] information needed to enable the lawyer to render legal services to the client” (quoting MISS. R. EVID. 502 cmt.) (internal quotation marks omitted). This test may encompass a group of employees larger than the control group.


E. I. DuPont de Nemours & Co. v. Forma-Pack, Inc., 718 A.2d 1129, 1139-41 (Md. 1998). Court discussed the Upjohn test, the “subject matter” test, and a test articulated by the Florida Supreme Court, but declined to adopt “a particular set of criteria for the application of the privilege in the corporate context until we are required to do so.”

Leer v. Chi., Milwaukee, St. Paul & Pac. Ry., 308 N.W.2d 305, 308-09 (Minn. 1981). Court noted various tests for determining the identity of a corporate client and seemed to lean towards a test that examines the nature of the communication, but declined to adopt any of them. Court held that the statements of an employee regarding an accident witnessed by the employee were not protected under any of the tests.
Finally, some states have fashioned unique tests that combine elements from some or all of the other methods of determining which corporate employees’ communications with attorneys may be privileged. See:


*Shew v. Freedom of Info. Comm’n*, 691 A.2d 29, 34 (Conn. App. Ct. 1997). Using a four-part test “consistent with the teachings of Upjohn” to determine whether communications from government employee to attorney for public agency were privileged. Factors include the following: (1) attorney must be acting in professional capacity for the agency; (2) communications must be made by current employees; (3) communications must relate to legal advice sought by the agency; and (4) communications must be made in confidence.

*S. Bell Tel. & Tel. Co. v. Deason*, 632 So.2d 1377, 1383 (Fla. 1994). Adopting a five-factor test that examines: (1) whether the communication would have been made but for contemplation of legal services; (2) whether employee made communication at direction of corporate superior; (3) whether superior made request of employee as part of corporation’s efforts to secure legal advice; (4) whether subject matter of communication is within scope of employee’s duties; and (5) whether communication was disseminated beyond people who needed to know its contents.

One authority categorizes the various states’ tests, providing a helpful starting point for determining which test a particular state employs. Brian E. Hamilton, *Conflicts, Disparity, and Indecision: The Unsettled Corporate Attorney-Client Privilege*, 1997 ANN. SURV. AM. L. 629 (1997). This article reports that, as of 1997, eight states had explicitly adopted *Upjohn* (Alabama, Arizona, Arkansas, Colorado, Nevada, Oregon, Texas, and Vermont), eight states continued to apply the control group test (Alaska, Hawaii, Illinois, Maine, New Hampshire, North Dakota, Oklahoma, and South Dakota), and six follow a subject matter test (California, Florida, Kentucky, Louisiana, Mississippi, and Utah), while the highest courts of twenty-eight states had not definitively addressed the issue (Connecticut, Delaware, Georgia, Idaho, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, Wisconsin, and Wyoming). *Id.* at 633-640; see also John K. Villa, *The Client – Who Speaks for the Client?*, Corporate Counsel Guidelines § 1.3 n.26 (West 2016).

**Privilege Within The Corporation**

There is some conflict among courts as to whether the attorney-client privilege can be asserted on behalf of the corporation against its own directors. In *Moore Business Forms, Inc. v. Cordant Holdings Corp.*, Nos. 13911, 14595, 1996 WL 307444, at *4-6 (Del. Ch. June 4, 1996), Cordant attempted to assert the attorney-client privilege to prevent a director whom Moore had installed on the Cordant board from accessing information that was provided to other Cordant directors. The court rejected Cordant’s attempt to assert the privilege, holding that it would be “perverse” to allow a client (the Cordant board) to assert the privilege against itself (one of Cordant’s own directors). *Id.*; see also *Del Giudice v. Harlan*, No. 15CIV7330LTSJCF, 2016 WL 5338089, at *5 (S.D.N.Y. Sept. 22, 2016), *objections sustained in part and overruled in part on other grounds*, No. 15 CV 7330-LTS-JCF, 2016 WL 6875894 (S.D.N.Y. Nov. 21, 2016) (former directors of corporation were entitled to attorney-client communications generated during their tenures as directors); *Kalisman v. Friedman*, No. 8447-
VCL, 2013 WL 1668205, at *4 (Del. Ch. Apr. 17, 2013) (corporate director’s “essentially unfettered” right to information extends to privileged material); People v. Greenberg, 851 N.Y.S.2d 196, 201-03 (N.Y. App. Div. 2008) (former CEO and former CFO entitled to inspect legal documents created during their employment when the documents related to the suit against them and their former employer). In contrast, in Hoiles v. Superior Court, 204 Cal. Rptr. 111, 116-17 (Cal. Ct. App. 1984), the court held that the plaintiff-director was not entitled to pierce the defendant-corporation’s attorney-client privilege because the plaintiff was suing in his capacity as a shareholder and not as a director. See also Montgomery v. eTreppid Techs., L.L.C., 548 F. Supp. 2d 1175, 1187 (D. Nev. 2008) (former manager or officer suing in his personal capacity could not access defendant’s attorney-client privileged communications); Barr v. Harrah’s Entm’t, Inc., No. Civ. 05-5056JEI, 2008 WL 906351, at *7 (D.N.J. Mar. 31, 2008) (noting that “a former officer or director serving as a class representative in a class action lawsuit asserting a breach of contract claim does not have the right to review privileged documents of the corporation solely based upon the officer or director’s prior access to such documents during his tenure as a former officer or director with the corporation”); Dexia Credit Local v. Rogan, 231 F.R.D. 268, 276-79 (N.D. Ill. 2004) (corporation could assert privilege against former member of control group, notwithstanding member’s authorship of documents at issue, because member had left the control group); Milroy v. Hanson, 875 F. Supp. 646, 648-49 (D. Neb. 1995) (no right of dissident director to pierce privilege asserted on behalf of corporation by majority of the board). Courts are split about whether the corporation may assert the attorney-client privilege against former employees who had access to the privileged material during their employment. Gilday v. Kenra, Ltd., No. 1:09-cv-00229-TWP-TAB, 2010 WL 3928593, at *3-4 (S.D. Ind. Oct. 4, 2010) (analyzing the court split and holding that the privilege belongs to the corporation, even when the contested documents are communications between the former employee and the corporation’s outside counsel).

c. Government Agencies As Clients

Unlike private attorneys, attorneys for government agencies owe a duty to the public to ensure that laws are obeyed by their clients – governmental entities. Therefore, courts have taken special policy consideration into account when determining whether the attorney-client privilege protects communications between a government agency and the agency’s attorney. See In re Lindsey (Grand Jury Testimony), 158 F.3d 1263, 1272 (D.C. Cir. 1998); see also In re Witness Before Special Grand Jury 2000-2, 288 F.3d 289, 293-94 (7th Cir. 2002) (officeholders may not invoke the attorney-client privilege with regard to communications with government attorneys in the context of criminal grand jury proceedings).

There is a circuit court split on this issue. See generally United States v. Bravo-Fernandez, 756 F.Supp.2d 184, 197-98 (D.P.R. 2010) (noting the circuit split and analyzing cases from the Second, Seventh, Eighth, and D.C. Circuits).

For example, in Reed v. Baxter, 134 F.3d 351, 356-57 (6th Cir. 1998), the Sixth Circuit panel stated that “[t]he recognition of a governmental attorney-client privilege imposes the same costs as are imposed in the application of the corporate privilege, but with an added disadvantage. The governmental privilege stands squarely in conflict with the strong public interest in open and honest government.” The court held that communications that took place in a meeting between city council members and the city’s attorney regarding the fire
department’s employee-promotion practice were not protected by the attorney-client privilege because, in that context, the council members “were not clients at a meeting with their lawyer. Rather, they were elected officials investigating the reasons for executive behavior.” *Id.* at 357.

In contrast to *Reed*, other courts have held that “the traditional rationale for the [attorney-client] privilege applies with special force in the government context. It is crucial that government officials, who are expected to uphold and execute the law and who may face criminal prosecution for failing to do so, be encouraged to seek out and receive fully informed legal advice.” *Brinckerhoff v. Town of Paradise*, No. CIV. S-10-0023 MCE GGH, 2010 WL 4806966, at *4 (E.D. Cal. Nov. 18, 2010); accord *In re Grand Jury Investigation*, 399 F.3d 527, 534 (2d Cir. 2005). *See also In re Cnty. of Erie*, 473 F.3d 413, 419 (2d Cir. 2007) (“At least in civil litigation between a government agency and private litigants, the government’s claim to the protections of the attorney-client privilege is on a par with the claim of an individual or a corporate entity.”). *Cf.* *In re Grand Jury Subpoena*, 828 F.3d 1083, 1092 (9th Cir. 2016) (privilege concerning communications between former governor and state attorneys regarding official actions was held by the state, not personally by the former governor).

The public interest against application of a government attorney-client privilege is particularly compelling in cases that involve allegations of criminal wrongdoing by public officials. *In re Lindsey (Grand Jury Testimony)*, 158 F.3d 1263, 1272 (D.C. Cir. 1998), while defining “the particular contours of the government attorney-client privilege,” the panel noted that, “[w]ith respect to investigations of federal criminal offenses, and especially offenses committed by those in government, government attorneys stand in a far different position from members of the private bar.” In that case, the court considered whether a White House attorney may refuse to appear before a federal grand jury to answer questions about possible criminal conduct of government officials within the Office of the President. *Id.* at 1274. The court rejected the White House attorney’s assertion of the attorney-client privilege, concluding that the duty of government attorneys to ensure that laws be faithfully executed and the duty to report possible criminal violations pursuant to the Freedom of Information Act weighed against recognizing a governmental attorney-client privilege in a federal grand jury proceeding. *Id.; see also In re Grand Jury Subpoena Duces Tecum*, 112 F.3d 910, 921 (8th Cir. 1997) (“We believe the strong public interest in honest government and in exposing wrongdoing by public officials would be ill-served by recognition of a governmental attorney-client privilege applicable in criminal proceedings inquiring into the actions of public officials.”); *In re Thirty-Third Statewide Investigating Grand Jury*, 86 A.3d 204, 224 (Pa. 2014) (neither attorney-client privilege nor work product protection precluded the production of communications between the Pennsylvania Turnpike Commission (“PTC”) and its counsel in connection with an ongoing grand jury investigation against the PTC on suspicion of wrongdoing).

Additionally, when government agencies are clients, issues arise regarding how much legal advice the agencies can share with each other without destroying the attorney-client privilege. *See Modesto Irrigation Dist. v. Gutierrez*, No. 1:06-CV-00453, 2007 WL 763370, at *14-21 (E.D. Cal. Mar. 9, 2007) (rejecting the government’s theory that all government agencies can freely share legal advice without waiving the privilege because – under the “unitary executive theory” – the entire executive government functions as a single client). *But*
see Menasha Corp. v. U.S. Dep’t of Justice, 707 F.3d 846, 852 (7th Cir. 2013) (reversing Menasha Corp. v. U.S. Dep’t of Justice, No. 11 C 682, 2012 WL 252196 (E.D. Wis. Jan. 26, 2012), and holding that, for purposes of the work product doctrine, competing sections of the Department of Justice should be treated as a single party, even if they have adverse interests, and each may disclose work product to the other without waiving work product protection, but declining to address the issue of whether government documents were also protected by the attorney-client privilege and other common law privileges because the documents were protected as work product).

2. Defining The Lawyer

The second category of privileged persons is comprised of lawyers. See generally RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 72 cmt. e (2000); 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5480 (1st ed. West 2019). Generally, courts have defined a “lawyer” for purposes of the attorney-client privilege as “a member of the bar of a court.” See Allen v. W. Point-Pepperell, Inc., 848 F. Supp. 423, 427 (S.D.N.Y. 1994); Wultz v. Bank of China Ltd., 979 F. Supp. 2d 479, 495 (S.D.N.Y.), modified in part on reconsideration, 2013 WL 6098484 (S.D.N.Y. 2013) (attorney-client privilege did not apply to Chinese bank’s documents containing communications with in-house counsel, because in-house counsel in China, unlike attorneys, are not required to be members of the bar); but see Buyer’s Direct Inc. v. Belk, Inc., No. SACV 12-00370-DOC, 2012 WL 1416639, at *3 (C.D. Cal. Apr. 24, 2012) (extending attorney-client privilege to patent agents due to congressional goal of allowing clients to utilize either in proceedings before the United States Patent and Trademark Office (“PTO”), but limiting the privilege to “communications related to presenting and prosecuting applications before the [PTO]” and not post-issuance communications). However, most courts hold that the attorney need not be a member of the local bar in order to claim the privilege, so long as the attorney is admitted to practice in some state. See Paper Converting Mach. Co. v. FMC Corp., 215 F. Supp. 249, 251 (E.D. Wis. 1963); Ga.-Pac. Plywood Co. v. U.S. Plywood Corp., 18 F.R.D. 463, 465 (S.D.N.Y. 1956); see also Gucci America, Inc. v. Guess? Inc., No. 09 Civ 4373 (SAS), 2011 WL 9375, at *4 (S.D.N.Y. Jan. 3, 2011) (in-house counsel’s inactive bar status by itself does not destroy the privilege).

Moreover, many jurisdictions apply the “reasonable belief test,” which states that, for the purpose of establishing attorney-client privilege, a lawyer is anyone whom a client reasonably believes to be authorized to practice law. See, e.g., In re Grand Jury Subpoena Duces Tecum, 112 F.3d 910, 923 (8th Cir. 1997); Gucci, 2011 WL 9375, at *5 (applying reasonable belief test to corporation’s representation by in-house attorney who was on inactive status with the state bar); In re Freeway Foods of Greensboro, Inc., Bankr. No. 10-11282, Adv. No. 10-02057, 2014 WL 1652435, at *1, *3 (Bankr. M.D.N.C. Apr. 24, 2014) (finding that communications between company personnel, CEO, Chairman, and general counsel were privileged even though general counsel did not hold an active license to practice law where the CEO and Chairman had a reasonable belief that general counsel was an attorney because he displayed a law school diploma and bar certificate in his office). See also NLRB v. Jackson Hosp. Corp., 257 F.R.D. 302, 311-12 (D.D.C. 2009) (holding that communications between a complaining union and the NLRB were not protected by a “de facto” attorney-client privilege where NLRB brought charges based on complaints filed by union because NLRB did not
demonstrate that union believed it was seeking advice and that union’s belief that communications would be confidential was reasonable. But see John Ernst Lucken Revocable Trust v. Heritage Bankshares Group, Inc., No. 16-CV-4005-MWB, 2017 WL 627223, at *2 (N.D. Iowa 2017), order aff’d, 2017 WL 8640924 (N.D. Iowa 2017) (no privilege applied where the attorney in question had changed his status to “inactive,” the attorney was ineligible to practice, and evidence suggested that plaintiffs knew of the attorney’s “inactive status”); Anwar v. Fairfield Greenwich Ltd., 306 F.R.D. 117, 120 (S.D.N.Y. 2013), aff’d, 982 F. Supp. 2d 260 (S.D.N.Y. 2013) (applying reasonable belief test and concluding that, although client may have misunderstood Dutch law, the client knew that Dutch attorney was unlicensed); United States v. Henry, No. 06-33-01, 2007 WL 419197, at *1 (E.D. Pa. Feb. 2, 2007) (“client’s” conversations with jailhouse lawyer not privileged even if “client” believed cellmate was an attorney); United States v. Cook, No. CR05-424Z, 2007 WL 391559, at *3 (W.D. Wash. Jan. 23, 2007) (communications between “client” and law student not subject to attorney-client privilege during the period when law student was not yet licensed, even where law student, once licensed, continued to serve as attorney for same client); Fin. Techs. Int’l, Inc. v. Smith, No. 99 Civ. 9351 (GEL) (RLE), 2000 WL 1855131, at *6-7 (S.D.N.Y. Dec. 19, 2000) (refusing to apply reasonable belief test to corporate client).

a. In-House vs. Outside Counsel

Theoretically, for the purpose of asserting the attorney-client privilege, the determination of who is the attorney is straightforward, and the privilege treats in-house counsel and outside counsel equally.¹

See:

Shelton v. Am. Motors Corp., 805 F.2d 1323, 1326 n.3 (8th Cir. 1986). In-house counsel is treated no differently than outside counsel.

In re Sealed Case, 737 F.2d 94, 99 (D.C. Cir. 1984) (Ginsburg, J.). Status as in-house counsel does not dilute privilege, but does require a clear showing that communications with in-house counsel were in a professional legal capacity.

Nata v. Hogan, 392 F.2d 686, 692 (10th Cir. 1968). Attorney-client privilege does not depend on the number of clients an attorney has; therefore, in-house counsel is treated no differently than outside counsel.

Klaassen v. Atkinson, No. 13-2561-DDC, 2016 WL 3881334, at *3 (D. Kan. July 18, 2016). The attorney-client privilege attached to communications with in-house counsel if the communications were made at the request of management to obtain legal advice. Any privilege resulting from communications between officers and attorneys within the scope of the organization’s affairs belonged to the organization, not the officer.

In AIU Ins. Co. v. TIG Ins. Co., No. 07 Civ. 7052 (SHS) (HBP), 2008 WL 4067437, at *6 (S.D.N.Y. Aug. 28, 2008), modified, 2009 WL 1953039 (S.D.N.Y. July 8, 2009). In-house counsel is treated the same as outside counsel, but if the in-house counsel also serves as business advisor to the corporation, only communications providing legal, not business, advice are protected by the attorney-client privilege.

In Deel v. Bank of Am., N.A., 227 F.R.D. 456, 458-460 (W.D. Va. 2005). Observing that the privilege “applies to individuals and corporations, and to in-house and outside counsel” and refusing to order production of documents where the party “clearly sent these documents to its in-house and outside counsel to facilitate legal services.”


In Rossi v. Blue Cross & Blue Shield of Greater N.Y., 540 N.E.2d 703, 705 (N.Y. 1989). In-house counsel is treated the same as outside counsel.

See also:

Exxon Mobil Corp. v. Hill, 751 F.3d 379, 382 & n.1 (5th Cir. 2014). Communications between company negotiator and company in-house counsel were legal in nature and therefore privileged. However, the court declined to address Exxon Mobil’s contention that the district court applied an erroneously higher standard for the application of the attorney-client privilege for in-house counsel as compared to outside counsel.

Koumoulis v. Indep. Fin. Mktp. Grp., Inc., 295 F.R.D. 28, 38 (E.D.N.Y. 2013). The court noted that while “outside counsel may be more ‘independent’ and less likely ‘to play dual roles’” in comparison to in-house counsel, “there is no presumption that communications with outside counsel are privileged.”

However, several courts have made it clear that they do treat in-house counsel differently when assessing the assertion of privilege. Because in-house counsel often plays multiple roles in the corporation, many courts apply heightened scrutiny in determining whether the elements necessary for the privilege have been established. Courts often require that in-house counsel make a “clear showing” that communications were made for a legal, rather than a business, purpose. See, e.g., Acosta v. Target Corp., 281 F.R.D. 314, 322 (N.D. Ill. 2012) (noting that “[a]n expanded role of legal counsel within corporations has increased the difficulty for judges in ruling on privilege claims [and] has concurrently increased the burden that must be borne by the proponent of corporate privilege claims relative to in-house counsel”); Rowe v. E.I. duPont de Nemours & Co., Civil Nos. 06-1810-RMB-AMD, 06-3080-RMB-AMD, 2008 WL 4514092, at *7-8 (D.N.J. Sept. 30, 2008) (applying “predominantly legal” test and requiring showing that in-house counsel were engaged in “predominantly legal” communications before privilege would be applied); In re Seroquel Prods. Liab. Litig., No. 6:06-md-1769-Orl-22DAB, 2008 WL 1995058, at *4, 8-9 (M.D. Fla. May 7, 2008) (applying the reasoning from In re Vioxx to find that, for a majority of the sought-after documents, defendants did not meet burden of showing that they contained communications with in-house counsel related to legal matters); In re Vioxx Prod. Liab. Litig., 501 F. Supp. 2d 789, 797 (E.D. La. 2007) (noting the difficulty of applying attorney-client privilege to modern corporate counsel who have become involved in all facets of corporations
and requiring clear showing that in-house counsel was acting in professional legal capacity; TVT Records v. Island Def Jam Music Grp., 214 F.R.D. 143, 144 (S.D.N.Y. Mar. 04, 2003) (noting that privilege issues related to in-house counsel may be more difficult to determine given counsel’s involvement in business as well as legal matters); see also Am. Nat’l Bank & Trust Co. v. Equitable Life Assurance Soc’y, 406 F.3d 867, 873 (7th Cir. 2005) (noting that applying the privilege to in-house counsel is a “difficult area” and concluding that sanctions were not appropriate for party who asserted privilege overbroadly but in good faith); In re Teleglobe Comm’ns Corp., 392 B.R. 561, 582-84 (Bankr. D. Del. Aug. 7, 2008) (noting the difficulty of determining when communications with in-house counsel constitute business or legal advice and finding that defendants’ attempts to designate privileged documents were made in good faith and not deserving of sanctions). See also Privilege Applies Only To Communications Made For The Purpose Of Securing Legal Advice, § I.D, infra.

See also:


Phillips v. C.R. Bard, Inc., 290 F.R.D. 615, 629, 657 (D. Nev. 2013). Emails on which in-house counsel is merely copied or ‘cc-ed’ do not trigger the attorney-client privilege, but finding that an email from an employee to in-house counsel requesting legal advice was privileged.


DeWitt v. Walgreen Co., No. 4:11–cv–00263–BLW, 2012 WL 3837764, at *3-4 (D. Idaho Sept. 4, 2012). To claim privilege, an in-house attorney needed to clearly show that he had been acting in a legal capacity when drafting company policy.

Craig v. Rite Aid Corp., No. 4:08-CV-2317, 2012 WL 426275, at *6-8 (M.D. Pa. Feb. 9, 2012). In FLSA case where defendant withheld a large number of documents related to a “multi-faceted” internal restructuring analysis that involved many non-attorneys and included “on occasion” in-house counsel, court rejected defendant’s blanket assertion that the entire review was privileged.

Minebea Co. v. Papst, 228 F.R.D. 13, 21 (D.D.C. 2005). Ordering production of documents that party resisting production asserted had been provided to in-house counsel to secure his advice and concluding that the documents had been circulated to counsel, along with other members of senior management, for business purposes and that there was no indication that any of these memoranda were prepared for a predominately legal purpose.

Cellco P’ship v. Nextel Commc’n, Inc., No. M8–85 (RO), 2004 WL 1542259, at *1 (S.D.N.Y. July 9, 2004). Holding that communications between in-house attorney and marketing employees, which were further forwarded to client’s advertising firm, were not privileged where in-house counsel was not acting as an attorney.

Breneisen v. Motorola, Inc., No. 02 C 50509, 2003 WL 21530440, at *3 (N.D. Ill. July 3, 2003). Communications made by and to corporate in-house counsel regarding business matters, management decisions, or business advice are not protected by the attorney-client privilege. “Generally, there is a presumption that a lawyer in a legal department of the corporation is giving legal advice, and an opposite presumption for a lawyer who works on the business or management side. However, the lawyer’s position in the corporation is not necessarily dispositive.”
Ames v. Black Entm’t Television, No. 9 Civ. 0226, 1998 WL 812051, at *8 (S.D.N.Y. Nov. 18, 1998) (citation omitted). “We are mindful . . . [t]hat [the witness who was VP and general counsel] was a Company vice president, and had certain responsibilities outside the lawyer’s sphere. The Company can shelter [the witness’s] advice only upon a clear showing that [the witness] gave it in a professional legal capacity.”

United States v. Chevron Corp., No. C-94-1885 SBA, 1996 WL 264769, at *4 (N.D. Cal. Mar. 13, 1996) (emphasis in original). “Some courts have applied a presumption that all communications to outside counsel are primarily related to legal advice. See Diversified Indus., Inc. v. Meredith, 572 F.2d 596, 610 (8th Cir. 1977). In this context, the presumption is logical since outside counsel would not ordinarily be involved in the business decisions of a corporation. However, the Diversified presumption cannot be applied to in-house counsel because in-house counsel are frequently involved in the business decisions of a company. While an attorney’s status as in-house counsel does not dilute the attorney-client privilege . . . a corporation must make a clear showing that in-house counsel’s advice was given in a professional legal capacity.”

Kramer v. Raymond Corp., No. 90-5026, 1992 WL 122856, at *1 (E.D. Pa. May 29, 1992). “The attorney-client privilege is construed narrowly. This is especially so when a corporate entity seeks to invoke the privilege to protect communications to in-house counsel. Because in-house counsel may play a dual role of legal advisor and business advisor, the privilege will apply only if the communication’s primary purpose is to gain or provide legal assistance . . . [T]he corporation must clearly demonstrate that the communication in question was made for the express purpose of securing legal not business advice.” (internal quotations and citations omitted). See also Faloney v. Wachovia Bank, N.A., 254 F.R.D. 204, 209-10 (E.D. Pa. 2008) (citing Kramer v. Raymond Corp.).

Courts may also treat in-house counsel differently when determining whether the privilege has been waived. Generally, since the privilege belongs to the client, courts are unwilling to allow counsel to waive the privilege without implied, actual or apparent authority from the client. See Authority To Waive Privilege, § I.G.4, infra. However, because in-house counsel are agents of the organization itself, some courts have found that in-house counsel are capable of waiving the privilege for the organization. See Velsicol Chem. Corp. v. Parsons, 561 F.2d 671, 674 (7th Cir. 1977); In re Grand Jury Subpoenas Dated Dec. 18, 1981, 561 F. Supp. 1247, 1254 n.3 (E.D.N.Y. 1982).

b. Specially Appointed Counsel

For the purposes of privilege, the definition of a lawyer generally includes specially appointed counsel. However, only communications to and from specially-appointed counsel acting in a legal capacity are entitled to protection. In re Grand Jury Subpoena Duces Tecum Dated Sept. 15, 1983, 731 F.2d 1032, 1036-37 (2d Cir. 1984); In re Grand Jury Proceedings, 658 F.2d 782, 784 (10th Cir. 1981). If a specially-appointed attorney serves solely as an investigator and not as a legal advisor, the communications are not privileged. See, e.g., Osternick v. E.T. Barwick Indus., Inc., 82 F.R.D. 81, 83-86 (N.D. Ga. 1979) (court compelled deposition of special counsel despite provision in consent decree providing that there would be no waiver of privilege regarding disclosures made by the company to special counsel). See also Henderson v. Nat’l R.R. Passenger Corp., 113 F.R.D. 502, 509 (N.D. Ill. 1986) (communications between employees and an attorney acting as an EEOC representative, who investigated claims and reported solely to defendant’s legal department, were not privileged because the attorney did not work for defendant’s benefit and its employees “had no expectation of privacy”). But see In re LTV Sec. Litig., 89 F.R.D. 595, 600-01 (N.D. Tex.
1981) (court refused to allow discovery of the contents of communications with a “special officer” who was appointed pursuant to a consent decree with the SEC).

For a discussion of the application of the attorney-client privilege in internal investigations, see Internal Investigations, § VIII, infra.

c. Accountants As Privileged Parties

At common law, there was no accountant-client privilege. United States v. Bisanti, 414 F.3d 168, 170 (1st Cir. 2005); see also Couch v. United States, 409 U.S. 322, 335 (1973) (noting the lack of such a privilege under federal law); Evergreen Trading, L.L.C. v. United States, 80 Fed. Cl. 122, 134 (Fed. Cl. 2007) (same); Stoney Glen, LLC v. S. Bank & Trust Co., Civil Action No. 2:13cv8-HCM-LRL, 2013 WL 5514293, at *4 (E.D. Va. Oct. 2, 2013) (same); Cottillion v. Refining Co., 279 F.R.D. 290, 299 (W.D. Pa. 2011) (same). However, the federal government and many states have enacted statutory accountant-client privileges of varying breadth.

In 1998, Congress adopted legislation that created a limited accountant-client privilege. The IRS Restructuring and Reform Act of 1998 purports, with some limitations, to extend the common-law attorney-client privilege to “federally authorized tax practitioner[s]” providing “tax advice” by amending the Internal Revenue Code § 7525. See I.R.C. § 7525 (West 2016). Several accounting firms have attempted to avail themselves of its protection in order to circumvent disclosure requirements related to clients involved in tax shelters, but most courts have limited the applicability of the privilege in this context. For example, in United States v. BDO Seidman, 337 F.3d 802, 811 (7th Cir. 2003), the Seventh Circuit held that Section 7525 does not protect the identities of accountancy clients that have purchased tax shelters. The court reasoned that because client identities are not generally protected by the attorney-client privilege at common law, and because Section 7525 does not provide any broader protection, the client identities were not protected. Id. at 811-12. Further, because federal law requires reporting of tax shelter clients, no expectation of privacy could attach, further limiting applicability of the privilege. Id. at 812.

See also:

Valero Energy Corp. v. United States, 569 F.3d 626, 632-34 (7th Cir. 2009). The tax-shelter exception to the tax practitioner-client privilege applied, not only to the promotion of pre-packaged tax-shelter products, but to an “individualized tax reduction plan.” The exception applies whenever the government meets its burden of demonstrating that a tax practitioner “promoted” a plan or arrangement “with a significant – as opposed to ancillary – goal of avoiding or evading taxes.” Order of production affirmed.

Scotty's Contracting & Stone, Inc. v. United States, 326 F.3d 785, 791 (6th Cir. 2003). Section 7525 does not purport to federalize state-established accountant-client privileges, and state-created privileges do not limit the IRS’s authority to issue summons.

United States v. Frederick, 182 F.3d 496, 502 (7th Cir. 1999). “Dual-use” documents created during preparation of tax returns are not subject to attorney-client privilege and therefore are not subject to Section 7525.
Attorney-client privilege attached to memoranda constituting tax advice from lawyers that was more than mere preparation of tax returns.

Following BDO Seidman, holding that purchasers of tax shelters have no expectation that their identities will remain private, particularly in light of the obligation, pursuant to IRC § 6112, to maintain a list of such identities.

Following BDO Seidman, but allowing purchasers to intervene permissively in order to assert objections, based other than on privilege, to request for production.

Following BDO Seidman and rejecting proposition that IRC § 7525 privilege protects the identities of purchasers of tax shelters.

Following BDO Seidman, and holding that the identities of tax shelter clients were not privileged.

Holding that Section 7525 did not apply to summons issued to bank requesting disclosure of client identities because “the issuance of an administrative summons to a bank, as opposed to a taxpayer, does not appear to be a ‘tax proceeding’ before the IRS.” Noting further that communications made in furtherance of creating a tax shelter and that involve a corporation are specifically excluded from the privilege under Section 7525(b).

Observing that Section 7525 does not apply to work product and does not protect communications made in furtherance of the preparation of a tax return.

Scope of the tax practitioner-client privilege depends on the scope of the attorney-client privilege. Attorney-client privilege does not apply when an attorney acts as a tax return preparer; documents used in preparing tax returns are not privileged. Furthermore, a party waives the attorney-client privilege that applies to an attorney’s legal advice concerning the tax consequences of an action when the party discloses or relies on that advice.

Notes taken by the taxpayer during meetings with its longstanding tax adviser, PricewaterhouseCoopers, were privileged because (1) the notes were not communicated to PwC, so they were not “communications” within the meaning of the statute, and (2) PwC had an ongoing relationship with the taxpayer, rendered advice when asked for it, counseled within its area of expertise, and retained no stake as an advisor to the taxpayer, but instead was paid an hourly rate, and thus the conduct did not fall within the statutory definition of “promotion.”

The effect of I.R.C. Section 7525 has not been substantial because it only attaches where an accountant, authorized to practice before the Internal Revenue Service, is involved in a civil matter before the Service or a federal court in which the United States is a party, and then only applies to the same extent the common-law privilege would apply. Thus, it is only when an accountant is performing an attorney’s work that the accountant-client privilege would apply. See United States v. Frederick, 182 F.3d 496, 502 (7th Cir. 1999) (“Nothing in the new statute suggests that these non-lawyer practitioners are entitled to privilege when they are doing other than lawyers’ work; and so the statute would not change our analysis even if it were applicable to this case, which it is not, because it is applicable only to communications
made on or after July 22, 1998, the date the statute was enacted.”); Evergreen Trading L.L.C. v. United States, 80 Fed. Cl. 122, 130 (Fed. Cl. 2007) (recognizing Frederick); see also Accountants As Privileged Agents, § I.B.3.b, infra. Further, as enacted, I.R.C. § 7525 excluded communications related to corporate tax shelters from its protection. In 2004, Congress amended the provision to exclude communications related to tax shelters generally from its effect.

Several states have enacted statutes creating an accountant-client privilege. For a list and text of these statutes, see David M. Greenwald, Robert R. Stauffer & Erin R. Schrantz, Testimonial Privileges § 3:6 & App. 3-1 (Thomson Reuters 2017). In federal actions based on diversity jurisdiction, these state law protections of accountant-client communications may protect information that would not be protected under federal common law. See Choice of Law: Identifying The Applicable Law, § 1X.A, infra.

3. Defining Privileged Agents

a. Privileged Agents In General

In addition to clients and lawyers, the definition of privileged persons includes agents of the client and the lawyer who assist in the representation. United States v. United Shoe Mach. Corp., 89 F. Supp. 357, 358 (D. Mass. 1950). Privileged agents include non-employees such as paralegals and investigators. The presence of these third-party agents does not waive the privilege if their presence was to facilitate effective communication between lawyer and client or to further the representation in some other way. In re Grand Jury Investigation, 918 F.2d 374, 386 n.20 (3d Cir. 1990) (presence of agent does not abrogate privilege); Proposed Fed. R. Evid. 503(b)(4), 56 F.R.D. 183, 235-36 (1973). Privileged agents are sometimes grouped into two categories: (1) communicating agents, and (2) representing agents. See Restatement (Third) of the Law Governing Lawyers § 70 cmts. f, g (2000), 24 Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure § 5483 (1st ed. West 2019) (discussing communicating and source agents).

Both the lawyer and client typically will have communicating agents. These agents enable the lawyer and client to communicate effectively. 8 John H. Wigmore, Evidence § 2317 (Supp. 2019). The most common examples of communicating agents are employees such as couriers and secretaries. See, e.g., United States v. Bill Harbert Int’l Constr. Co., No. 95-1231 (RCL), 2007 WL 915235, at *2-3 (D.D.C. Mar. 27, 2007) (presence of client’s assistant did not waive privilege when assistant’s job was to witness documents and ensure a record of their creation). The presence of the communicating agent must be reasonably necessary or the privilege is waived. Kenneth S. Broun et al., McCormick on Evidence § 91 (7th ed. 2016); 24 Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure §§ 5485-86 (1st ed. West 2019); see also Kevlik v. Goldstein, 724 F.2d 844, 849 (1st Cir. 1984). Note, however, that while the presence of a non-professional agent does not destroy the privilege, and while those agents may communicate the advice of an attorney, the non-professional’s own advice may not itself be privileged. See HPD Labs., Inc. v. Clorox Co., 202 F.R.D. 410, 416 (D.N.J. 2001) (observing that, while communications with paralegal are privileged to the extent they pass on an attorney’s advice or were made under
an attorney’s supervision, communications originating with the paralegal are not themselves privileged).

Representing agents include confidential assistants of the lawyer such as a file clerks or paralegal assistants. These agents are necessary for the operation of the lawyer’s business. See United States v. Kovel, 296 F.2d 918, 921-22 (2d Cir. 1961) (necessary secretaries, paralegals, legal assistants, stenographers or clerks are privileged agents); Hilton-Rorar v. State & Fed. Commc’ns Inc., No. 5:09-CV-01004, 2010 WL 1486916, at *4 (N.D. Ohio Apr. 13, 2010) (“Law clerks, secretaries, paralegals, file clerks, telephone operators, messengers, clerks not yet admitted to the bar, among other aides, including consulting experts may qualify as an attorney’s representative.”); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 91 (7th ed. 2016); 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5482 (1st ed. West 2019).

Representing agents can also include any subordinate or agent of the attorney if the attorney uses the agent to facilitate legal advice and supervises the agent’s actions. See Restatement (Third) of the Law Governing Lawyers § 70 cmt. g (2000). Pursuant to what has come to be called the “Kovel doctrine,” a consulting expert retained by the attorney or client to assist the attorney in providing legal advice to the client qualifies as a privileged agent if consulted for the purpose of improving the attorney’s comprehension of factual information or the client’s comprehension of legal advice provided by the attorney. United States v. Kovel, 296 F.2d 918, 922 (2d Cir. 1961) (accountant hired by tax counsel to assist in interpreting client conversations was considered privileged agent); Restatement (Third) of the Law Governing Lawyers § 70 cmt. f, illus. 5 (2000). The Kovel doctrine has been adopted or applied by several Circuits. See Cavallaro v. United States, 284 F.3d 236, 247 (1st Cir. 2002); In re Grand Jury Proceedings, 220 F.3d 568, 571 (7th Cir. 2000); United States v. Bornstein, 977 F.2d 112, 116-17 (4th Cir. 1992); Fed. Trade Comm’n v. TRW, Inc., 628 F.2d 207, 212 (D.C. Cir. 1980); United States v. Alvarez, 519 F.2d 1036, 1045-46 (3d Cir. 1975); United States v. Cote, 456 F.2d 142, 144 (8th Cir. 1972); United States v. Judson, 322 F.2d 460, 462-63 (9th Cir. 1963).

In order to be privileged, the communication with the agent must be made in confidence for the purpose of obtaining legal advice from the attorney; business advice, such as accounting services, will not be privileged. Kovel, 296 F.2d at 922. See also Cavallaro, 284 F.3d at 247-48 (no privilege if accountant not employed for purpose of assisting counsel to provide legal advice); United States v. Ackert, 169 F.3d 136, 139-40 (2d Cir. 1999) (no privilege where counsel communicated with accountant to obtain factual information rather than to assist counsel in translating or interpreting information given to counsel by the client). Privileged communications may occur where an agent is necessary to “translate” or “interpret” complicated factual information for the attorney. Kovel, 296 F.2d at 922. See also Jenkins v. Bartlett, 487 F.3d 482, 490-91 (7th Cir. 2007) (presence of police liaison officer during meeting between police officer and his attorney did not destroy privilege where liaison officer interpreted information from attorney to client); Ackert, 169 F.3d at 139-40.

Citing language from Kovel, courts extend the privilege to agents where the agent is “necessary, or at least highly useful for the effective consultation between the client and the lawyer.” Cavallaro, 284 F.3d at 247-48; Heriot v. Byrne, 257 F.R.D. 645, 666-67 (N.D. Ill.
2009). Some courts interpret this language as requiring that the agent be “nearly indispensable or serve some specialized purpose in facilitating the attorney-client communications.” Cavallaro, 284 F.3d at 247-48. See also Ravenell v. Avis Budget Grp., Inc., No. 08-CV-2113 (SLT), 2012 WL 1150450, at *3 (E.D.N.Y. Apr. 5, 2012) (Kovel doctrine did not apply when third-party consultant was hired to make initial classifications that attorneys could have made themselves); Ceglia v. Zuckerberg, No. 10-CV-00569, 2012 WL 3527935, at *2 (W.D.N.Y. Aug. 15, 2012) (Kovel doctrine did not apply when consultant did not act as translator or interpreter of communications between client and attorney); Dahl v. Bain Capital Partners, LLC, 714 F. Supp. 2d 225, 229 (D. Mass. 2010) (communications between client’s investment bankers and counsel not privileged where investment bankers acted in business capacity and were not necessary or indispensable for counsel to provide legal advice); Flo Pac, LLC v. NuTech, LLC, No. WDQ-09-510, 2010 WL 5125447, at *8-10 (D. Md. Dec. 9, 2010) (adopting a more stringent test: the third-party presence must be “nearly indispensable” in facilitating attorney-client communications, not just convenient); RCC, Inc. v. Cecchi, No. 323447, 2010 WL 5180341 (Md. Cir. Ct. Nov. 2010) (surveying cases citing Kovel and noting that Kovel has been interpreted both narrowly (“necessary”) as well as broadly (“add value”)).

See:

Jenkins v. Bartlett, 487 F.3d 482, 490-91 & n.6 (7th Cir. 2007). Presence of a police liaison officer during a meeting between a police officer and his attorney did not destroy privilege because the liaison officer served a role akin to an outside expert who assists the attorney by interpreting information from the attorney to the client. In dicta, however, the court noted that the presence of a union representative in other contexts may destroy privilege.

In re Grand Jury Proceedings, 220 F.3d 568, 571-72 (7th Cir. 2000). Court remanded case for further proceedings to determine whether accountants were hired by defense counsel to prepare tax returns or to assist counsel in providing legal advice. Material transmitted to an attorney or the attorney’s agent for the purpose of using that information on a tax return is not privileged. On the other hand, information transmitted to an attorney or the attorney’s agent is privileged if it was not intended for subsequent appearance on a tax return and was transmitted for the sole purpose of seeking legal advice. Documents used in both preparing tax returns and litigation are not privileged.

United States v. Adlman, 68 F.3d 1495, 1500 (2d Cir. 1995). Communications between in-house counsel and accountant held not privileged where purpose was to seek tax advice rather than legal advice.

In re Grand Jury Proceedings Under Seal, 947 F.2d 1188, 1191 (4th Cir. 1991). Client took his accountant with him to a meeting with a prospective attorney. The court held that the accountant was a privileged agent since his function was to assist the client in obtaining effective legal services.

United States v. Schwimmer, 892 F.2d 237, 243 (2d Cir. 1989). Communications made to an accountant hired to assist the lawyer in a joint-defense are privileged if confidentiality is maintained.

United States v. Adams, No. 0:17-cr-00064-DWF-KMM, 2018 WL 5311410, at *2 (D. Minn. Oct. 27, 2018). Communications between attorney and accountant were privileged where the communications assisted the attorney to provide legal advice.

Bankdirect Capital Finance, LLC, 326 F.R.D. 176, 183 (N.D. Ill. 2018), quoting Stafford Trading, Inc. v. Lovely, No. 05-C-4868, 2007 WL 611252, at *3 (N.D. Ill. Nov. 2007). Communications with financial advisors were privileged where they assisted counsel to provide legal advice. “[I]n today’s [highly
complex and integrated] marketplace attorneys need to have confidential communications with investment bankers to render adequate legal advice.”

Antech Diagnostics, Inc. v. Veterinary Oncology and Hematology Center, LLC, No. 3:16CV00481(AWT), 2018 WL 2254543, at *6-7 (D. Conn. May 17, 2018). Communications with financial advisors not privileged where party did not establish that the advisors explained financial concepts to counsel to enable counsel to provide legal advice.


Williams v. Big Picture Loans, LLC, 303 F. Supp. 3d 434, 447 (E.D. Va. 2018). Communications with accountant “engaged for sole purpose of performing certain business valuation services” were not privileged.


MediaTek Inc. v. Freescale Semiconductor, Inc., No. 4:11-cv–05341 YGR (JSC), 2013 WL 5594474, at *4-5 (N.D. Cal. Oct. 10, 2013). Technical consultant’s report and drafts of report, which were never reviewed by counsel, relating to the purchase of patents were found to have been prepared for a business purpose, and were not created primarily to facilitate legal advice or because of the need for legal advice, and therefore were not privileged.

Prowess, Inc. v. Raysearch Labs. AB, No. WDQ–11-1357, 2013 WL 509021, at *2-3 (D. Md. Feb. 11, 2013). Communications between and among inventors and plaintiff were not privileged where plaintiff failed to establish that counsel was involved in the communications or that the communications were conducted for the purpose of providing information to counsel.

Boyer v. Rock Twp. Ambulance Dist., No. 10-2344, 2012 WL 1033007, at *4 (E.D. Mo. Mar 27, 2012). Court refused to recognize union member/union representative privilege and held that union representative’s presence during meetings with members’ counsel waived the privilege because there was no evidence that representative participated for the purpose of assisting counsel.

Wychocki v. Franciscan Sisters of Chicago, No. 10 C 2954, 2011 WL 244642, at *7 (N.D. Ill. June 15, 2011). Although engaged by counsel, compensation consultant provided business, not legal advice, therefore, the consultant was not an agent of counsel for the purpose of the attorney-client privilege.

Green v. Beer, No. 06 Civ. 4156(KMW)(JCF), 2010 WL 3422723, at *4-5 (S.D.N.Y. Aug. 24, 2010). Communications between plaintiffs’ counsel and (1) plaintiffs’ financial advisors but not (2) plaintiffs’ son waived the privilege. Plaintiffs’ financial advisors were not “nearly indispensable” and did not serve “some specialized purpose in facilitating the attorney-client communications.” By contrast, because plaintiffs did not know how to use email, the only way that they could receive timely communications with their counsel was if plaintiffs’ son received the emails on their behalf.

Dahl v. Bain Capital Partners, LLC, 714 F. Supp. 2d 225, 228-29 (D. Mass 2010). Counsel’s communication with JP Morgan were not privileged. Although JP Morgan reviewed legal documents, its role was to provide counsel with financial advice, not to interpret the documents.

client privilege because defendant failed to show that they were retained to provide or facilitate legal advice, as opposed to business and tax advice.

In re Application Pursuant to 28 U.S.C. § 1782, 249 F.R.D. 96, 100-01 (S.D.N.Y. 2008). Communications between an art broker and a buyer were not protected by the attorney-client privilege because the art broker was not the exclusive agent of the buyer, as she was acting on the seller’s behalf, and because consultation with the broker was “not necessary to facilitate attorney-client communications” between the buyer and its attorneys.

Lawrence E. Jaffe Pension Plan v. Household Int’l, Inc., 244 F.R.D. 412, 420 (N.D. Ill. 2006). Company’s retention of accounting firm was necessary and indispensable to counsel’s ability to render legal advice given the “complex quantitative analyses and extensive information-gathering that was beyond . . . counsel’s resources and abilities, but was uniquely within [accountant’s] qualifications.”

Stayinfront, Inc. v. Tobin, Civil Action No. 05-4563 (SRC), 2006 WL 3228033, at *3-4 (D.N.J. Nov. 3, 2006). Communications between “lay advisor” who appeared on behalf of client in New Zealand Employment Relations Authority, client and counsel regarding action pending in New Jersey district court were not privileged because advisor did not play a “vital role in facilitating communications,” nor was he “necessary to the [pending] action.”

Cellco P’ship v. Certain Underwriters at Lloyd’s London, Civil Action No. 05-3158(SRC), 2006 WL 1320067, at *2 (D.N.J. May, 12, 2006). Holding that “when the third party is a professional, such as an accountant, capable of rendering advice independent of the lawyer’s advice to the client, the claimant must show that the third party served some specialized purpose facilitating the attorney-client communications and was essentially indispensable in that regard.”


Ross v. UKI Ltd., No. 02 Civ. 9297 WHPJCF, 2003 WL 22319573, at *1-2 (S.D.N.Y. Oct. 9, 2003) (internal citations and quotations omitted). Under New York law, disclosure of attorney-client communications to certain types of third party agents does not waive the privilege where a client had a “reasonable expectation of privacy under the circumstances,” and disclosure to the agent was necessary for the client to obtain informed legal advice. This requires that “the involvement of the third party be nearly indispensable or serve some specialized purpose in facilitating the attorney-client communications.” Court found that defendant failed to carry burden with respect to accountants and other third parties.

Evergreen Trading, L.L.C. v. United States, 80 Fed. Cl. 122, 129-31, 142 (Fed. Cl. 2007). Attorney-client privilege did not attach to communications among plaintiff, plaintiff’s counsel, and one of plaintiff’s accountants under the Kovel doctrine where the communications predated an agreement naming the accountant as an agent of plaintiff’s counsel.

Lynch v. Hamrick, No. 1051820, 2007 WL 1098574, at *2-4 (Ala. Apr. 13, 2007). Communications between lawyer and client made in front of client’s daughter not privileged because daughter was not necessary to help client interpret legal advice, but only necessary to drive the client to the appointment.

b. Accountants As Privileged Agents

Though generally not considered privileged parties, accountants are considered privileged agents if the accountant’s role is to facilitate communication between the attorney and the client. This role is analogous to that of an interpreter: When the attorney and client “speak different languages,” and the accountant’s assistance will help the lawyer to understand the client’s situation, the accountant is a privileged agent. See United States v. Kovel, 296 F.2d 918, 921 (2d Cir. 1961). While the court in Kovel stated that communications with an accountant could be privileged “whether [the accountant was] hired by the lawyer or by the client,” id. at 922, it may be easier to assert privilege with respect to communications with an accountant hired by the attorney and designated as the attorney’s agent rather than one hired by the client. See John K. Villa, The Attorney-Counsel’s Agents-Accountants, Investigators, or Experts, CORPORATE COUNSEL GUIDELINES § 1:6 (West 2015).

In order for the accountant to qualify as the attorney’s agent, communications with the accountant must be for the purpose of facilitating the attorney’s legal advice. See Kovel, 296 F.2d at 922 (recognizing that communications with accountant for the purpose of rendering legal advice may be privileged while accountant’s own advice would not be privileged); United States v. Adlman, 68 F.3d 1495, 1500 (2d Cir. 1995) (holding that accounting firm’s memorandum regarding the tax consequences of reorganization was not privileged when evidence suggested that the corporation contacted the accounting firm for tax advice rather than in-house counsel contacting the accounting firm for assistance in rendering legal advice); Graff v. Haverhill North Cake Co., No. 1:09-cv-670, 2012 WL 5495514, at *15 (S.D. Ohio Nov. 13, 2012) (communications with accountant were privileged when outside counsel hired accountant for help in rendering legal advice). Where a conversation with an agent is merely helpful to the client’s defense, and does not help the attorney to understand the client’s communication itself, the third-party’s role is not that of a privileged agent. See United States v. Ackert, 169 F.3d 136, 139 (2d Cir. 1999); La. Mun. Police Emps. Ret. Sys. v. Sealed Air Corp., 253 F.R.D. 300, 312-14 (D.N.J. Aug. 12, 2008) (communications with investment banker not protected); In re G-I Holdings, Inc., 218 F.R.D. 428, 436-37 (D.N.J. 2003); United States v. ChevronTexaco Corp., 241 F. Supp. 2d 1065, 1072 (N.D. Cal. 2002) (privilege does not apply where accountant is hired, not as a “translator,” but instead to give additional legal advice about complying with the tax code, even when the accountant thereby assists the attorney in advising the client).

When a party hires an accountant to provide accounting advice, and only later hires an attorney to provide legal advice, it is particularly important for the party to show that the accountant later acted as an agent necessary to the lawyer in providing legal advice. See Cavallaro v. United States, 284 F.3d 236, 249 (1st Cir. 2002) (privilege did not apply where accountants were providing accounting services rather than facilitating communication of legal advice between counsel and client); Evergreen Trading, L.L.C. v. United States, 80 Fed. Cl. 122, 129-31, 142 (Fed. Cl. 2007) (communications with accountant predating an agency agreement between accountant and plaintiff’s counsel not privileged); Columbia Data Prods. Inc. v. Autonomy Corp., No. 11-12077-NMG, 2012 WL 6212898, at *15 (D. Mass. Dec. 12, 2012) (rejecting assertion of attorney-client privilege when accounting firm only provided accounting services and not legal advice).
Preparation of tax returns, for example, is an accounting function not meant to facilitate attorney-client communications. Communications with accountants for the purpose of filling out tax forms are not, therefore, privileged. See In re Grand Jury Proceedings, 220 F.3d 568, 571 (7th Cir. 2000) (holding that documents used both in preparation of tax returns and in litigation are not privileged); see also United States v. Frederick, 182 F.3d 496 (7th Cir. 1999); Evergreen Trading, 80 Fed. Cl. at 129-30 (noting that preparation of tax returns is an accounting service, not a legal service, but stating that communications offering tax advice or discussing tax planning can qualify as “legal” communications protected by the attorney-client privilege); Accountants As Privileged Parties, § 1.B.2.c, supra.

Often, companies may wish to disclose otherwise privileged information to their outside auditors as part of the auditing process. Accountants performing such audits are not acting as agents of counsel, and disclosures made in the course of annual audits create serious risks of waiver. See Disclosure To Auditors, § I.G.3.c, infra; see also United States v. Arthur Young & Co., 465 U.S. 805, 816 (1984); United States v. El Paso Co., 682 F.2d 530, 540 (5th Cir. 1982) (disclosure of tax pool analysis and underlying documentation to outside accountants for tax audit purposes waives attorney-client privilege); Medinol, Ltd. v. Bos. Scientific Corp., 214 F.R.D. 113 (S.D.N.Y. 2002); Evergreen Trading, 80 Fed. Cl. at 130 (“[I]t is generally recognized that where a party relies on or discloses the advice of counsel concerning the tax consequences of a transaction, it waives the attorney-client privilege not only as to the disclosed information, but also as to the details underlying that information); DAVID M. GREENWALD, ROBERT R. STAUFFER & ERIN R. SCHRANTZ, TESTIMONIAL PRIVILEGES § 3:5 (Thomson Reuters 2017). See also Waiver Of Work Product Protection: Disclosure To Auditors, § III.E.3, infra.

c. Public Relations Consultants

Corporations often use public relations consultants to assist them with crisis management, and litigation defense teams often use public relations consultants to advance the overall goals of their defense strategy. The courts are split on the issue of whether communications between a corporation or defense counsel and public relations consultants will be deemed privileged.

Compare:

In re Grand Jury Subpoenas Dated Mar. 24, 2003, 265 F. Supp. 2d 321, 326-32 (S.D.N.Y 2003). Communications between a criminal target of a grand jury proceeding, his counsel, and a public relations firm held protected by the attorney-client privilege. The court found that one cannot effectively counsel a client, seek to avoid or narrow charges brought against a client, or zealously seek acquittal or vindication without the assistance of a public relations consultant. Therefore, communications between the client, counsel and the public relations firm are privileged if the communications were directed at giving or obtaining legal advice.

In re Copper Mkt. Antitrust Litig., 200 F.R.D. 213, 219 (S.D.N.Y. 2001). Disclosure of confidential information to third-party PR firm did not waive privilege because PR firm was effectively operating as part of client’s staff. Firm regularly consulted with client’s counsel regarding public statements on client’s behalf.

With:
Anderson v. SeaWorld Parks and Entertainment, Inc., 329 F.R.D. 628 (N.D. Cal. 2019). Communications with public relations consultant not privileged where consultant did not participate in legal strategy, but instead predicted public reaction to legal activities and determined how best to present such activities to the public.

Bloomingburg Jewish Educ. Ctr. v. Vill. of Bloomingburg, N.Y., 171 F. Supp. 3d 136, 147 (S.D.N.Y. 2016). Attorney-client privilege was waived as to communications shared with public relations firm where the client did not show that counsel needed public relations firm for any purpose other than communicating to the public at large.

Waters v. Drake, No. 2:14-CV-1704, 2015 WL 8281858, at *2-3 (S.D. Ohio Dec. 8, 2015). Communications between the client, counsel, and public relations firms held not privileged where the public relations firms were not a part of counsel’s effort to provide legal advice.

Pemberton v. Repub. Servs., Inc., 308 F.R.D. 195, 201 (E.D. Mo. 2015). Where public relations consultant was hired by defendants during course of litigation, communications with the consultant were outside the attorney-client privilege, but communications and materials prepared by the consultant were protected by the work product doctrine.

Fine v. ESPN, Inc., No. 5:12-CV-0836 LEK/DEP, 2015 WL 3447690, at *11 (N.D.N.Y. May 28, 2015). Applying New York law, communications between the client, counsel, and public relations professional held not privileged where the public relations professional provided ordinary public relations advice, as opposed to facilitating legal advice.

Church & Dwight Co., Inc. v. SPD Swiss Precision Diagnostics, GmbH, No. 14-cv-585, 2014 WL 7238354, at *5 (S.D.N.Y. Dec. 19, 2014). Court refused to apply functional equivalent doctrine to marketing firm hired to help launch a company product. Court found company was “no different than most companies who hire external advertising agencies,” and stated that applying functional equivalent doctrine here would “swallow the privilege rule and would extend the attorney-client privilege to communications with any third party who was hired to assist the client with something the client could not do on its own.”

McNamee v. Clemens, No. 09 CV 1647(SJ), 2013 WL 6572899, at *5-7 (E.D.N.Y Sept. 18, 2013). Disclosure of documents to public relations firm waived privilege because the public relations firm only provided standard public relations services that were not necessary for legal advice.

Egiazaryan v. Zalmayev, 290 F.R.D. 421, 431-33 (S.D.N.Y. 2013). Under New York law, communications between former Russian politician and his public relations firm were not protected by the attorney-client privilege because the public relations firm's involvement was not necessary to facilitate communications between the client and his counsel, and coordination of media campaign was not legal advice.


In re N.Y. Renu with Moistureloc Prod. Liab. Litig., No. MDL 1785, CA 2:06-MN-77777-DCN, 2008 WL 2338552, at *7 (D.S.C. May 8, 2008). Under the Kovel doctrine, communications between client and public relations consultants were not protected by attorney-client privilege because the consultants provided public relations advice, not legal advice, and thus were not “necessary to the representation.”

LG Elecs. U.S.A. v. Whirlpool Corp., 661 F. Supp.2d 958, 961-65 (N.D. Ill. 2009). Court declined to apply privilege to communications between company and its third-party advertising firm, rejecting company's argument that employees of the advertising firm were the “functional equivalent” of company employees.
Haugh v. Schroder Inv. Mgmt., N.A., Inc., No. 02 Civ. 7955 DLC, 2003 WL 21998674, at *3-4 (S.D.N.Y. Aug. 25, 2003). In distinguishing In re Grand Jury Subpoenas Dated March 24, 2003, above, the court held that communications between a public relations consultant and plaintiff’s counsel, who had engaged the consultant to work on the case, were not protected by the attorney-client privilege but were protected by the work product doctrine.


Behunin v. Superior Court, 215 Cal. Rptr. 3d 475, 488, Cal. App. 5th 833, 849-850 (Cal. App. 2d Dist. 2017). As a matter of first impression under California law, the court held that communications with public relations consultant that set up web site critical of defendant were not privileged because they were not reasonably necessary to accomplish the purpose for which the client consulted the attorney.

Gottwald v. Sebert, 63 N.Y.S.3d 818 (N.Y. Sup. Ct. 2017). The court noted that the attorney-client privilege is “not automatically vitiated merely by virtue of involvement of a public relations firm,” but held that disclosure of privileged information to a public relations consultant in this case waived privilege because the disclosure was for media, not legal, purposes.


See also:


C. COMMUNICATIONS MUST BE INTENDED TO BE CONFIDENTIAL

1. Confidentiality In General

To remain privileged, a communication must be made in confidence and kept confidential. The test is (1) whether the communicator, at the time the communication was made, intended for the information to remain secret from non-privileged persons, and (2) whether the parties involved maintained the secrecy of the communication. See Bogle v. McClure, 332 F.3d 1347, 1358 (11th Cir. 2003); Haines v. Liggett Grp., Inc., 975 F.2d 81, 90 (3d Cir. 1992) (privilege protects verbal and written communications conveyed in confidence for purpose of legal advice); In re Sealed Case, 877 F.2d 976, 980 (D.C. Cir. 1989) (party must not be careless with confidentiality or the privilege will be waived); In re Grand Jury Proceedings, 727 F.2d 1352, 1356 (4th Cir. 1984) (party must intend to keep communication secret or privilege is waived). The client must not only have a subjective expectation of confidentiality, but that expectation must also be objectively reasonable. In re Asia Global Crossing, Ltd., 322 B.R. 247, 257 (Bankr. S.D.N.Y. 2005); Scott v. Beth Israel Med. Ctr. Inc., 847 N.Y.S.2d 436, 440-41 (N.Y. Sup. Ct. 2007) (hospital’s “no personal use” policy, hospital’s policy of monitoring computer use, and physician’s knowledge of these policies lessened any expectation of confidentiality concerning emails between physician and attorney); Banks v. Mario Indus. of Va., Inc., 650 S.E.2d 687, 695-96 (Va. 2007) (manager’s pre-resignation memo to his attorney not protected by privilege when written on his work computer because he had no reasonable expectation of privacy). But see Stengart v. Loving Care Agency, Inc.,
990 A.2d 650, 663-64 (N.J. 2010) (holding that emails sent by employee to her attorney on a company computer using a personal, password-protected, web-based email account were privileged where the company policy did not warn employees that emails sent from personal accounts were not private; court also stated that a company policy that provided unambiguous notice that the employer could retrieve and read an employee’s attorney-client communications, if accessed on a personal, password-protected email account using the company’s computer system, would not be enforceable).

Confidentiality is not destroyed because a non-privileged person knows a communication was made or independently knows the contents of the communication. See In re Grand Jury Subpoena Duces Tecum Dated Sept. 15, 1983, 731 F.2d 1032, 1037 (2d Cir. 1984) (disclosure of information contained in privileged communication is treated differently than disclosure of the communications themselves and may not waive the privilege); NCK Org., Ltd. v. Bregman, 542 F.2d 128, 133 (2d Cir. 1976) (noting, in dictum, that the privilege is not destroyed because the information in the privileged communication is known by an adversary). In fact, the contents of the communications need not themselves be secrets. In re Ampicillin Antitrust Litig., 81 F.R.D. 377, 388-90 (D.D.C. 1978). Similarly, the protection of the privilege is not lost even if the receiving person knew the information before the communication was made.

The key is whether the communicating person reasonably intended only the receiving attorney or privileged agent to learn of the communication’s contents.

See:

United States v. Ruehle, 583 F.3d 600, 609 (9th Cir. 2009). CFO’s communications with corporate counsel not “made in confidence” where purpose was to disclose information to company’s outside auditors.

Reiserer v. United States, 479 F.3d 1160, 1165 (9th Cir. 2007). IRS issued subpoena to third-party bank in order to obtain checks signed by clients of defendant tax attorney. Court held that checks were not confidential, even if they reveal clients’ identities, because the clients know they have “set the check[s] afloat on a sea of strangers.”

In re Grand Jury Subpoena, 204 F.3d 516, 522 (4th Cir. 2000). If a client authorizes an attorney to disclose the client’s motives or purposes in retaining the attorney, those motives are no longer confidential, and the information is not protected.

United States v. Frederick, 182 F.3d 496, 500-01 (7th Cir. 1999). A document with a dual purpose, such as a document prepared for use in preparing tax returns and for use in litigation, is not privileged. The transmission of information to be used on a tax return “destroys any expectation of confidentiality” (internal citations omitted).

United States v. (Under Seal), 748 F.2d 871, 875 (4th Cir. 1984). If client communicated information to attorney with the understanding it would be revealed to others, no confidentiality exists and the information is not protected by the privilege. In addition, the details underlying the communicated data will also not be privileged.

In re Grand Jury Proceedings, 727 F.2d 1352, 1356 (4th Cir. 1984). Privilege never attached to material because client gave information to the attorney intending that it be distributed to the public in a prospectus.
DeAngelis v. Corzine, No. 11 Civ. 7866(JCF), 2015 WL 585628, at *3-*4 (S.D.N.Y. Feb. 9, 2015). Investigation materials prepared by forensic accounting consultant retained by liquidating trustee were protected by both attorney-client privilege and the work product doctrine despite fact that the trustee intended to publish the investigation report prepared by the consultant.


Apex Mun. Fund v. N-Group Sec., 841 F. Supp. 1423, 1428 (S.D. Tex. 1993). Privilege as to statements made to an attorney for the purpose of preparing a public offering document is waived only to the extent that information in them actually appears in public documents.

Smith v. Armour Pharm. Co., 838 F. Supp. 1573, 1576 (S.D. Fla. 1993). Applying Florida law, court found that the fact that a memorandum from in-house counsel discussing the inevitability of litigation was widely circulated did not, by itself, provide sufficient grounds to negate the privilege.

Gottlieb v. Wiles, 143 F.R.D. 241, 248-52 (D. Colo. 1992). Interviews of corporate officers conducted by counsel were not privileged when the interviews were intended to be used as part of an investigative report and the interviewees were notified of this fact. Neither the interviewers nor interviewees had expectation that the interview information would remain confidential.

Schenet v. Anderson, 678 F. Supp. 1280, 1283 (E.D. Mich. 1988). Client provided information to his attorney so it could be included in a document to be disclosed. Court found that the information that was not actually disclosed in the final document remained protected.

But see:

United States v. Lawless, 709 F.2d 485, 487-88 (7th Cir. 1983). Information communicated to an attorney in order to prepare a document to file with a government agency is not privileged even if information is not made part of the filing.

United States v. Naegele, 468 F. Supp. 2d 165, 170 (D.D.C. 2007), appeal dismissed, 537 F. Supp. 2d 36 (D.D.C. 2008). Communications from client for the purpose of disclosure in bankruptcy filing are not privileged because no confidentiality exists in public filings. Additionally, even drafts of bankruptcy filings are not protected because the information is intended to be disclosed.


Drafts of documents may be privileged even where the intent is to publish the final version of a document.

See:

In re Grand Jury Subpoena Duces Tecum Dated Sept. 15, 1983, 731 F.2d 1032, 1036 n.3 (2d Cir. 1984). Privilege will extend to draft memoranda containing confidential communications even though, when put into a final version, the information may be sent to third parties.

Smith v. Unilife Corp., Civil Action No. 13-501, 2015 WL 667432, at *3 (E.D. Pa. Feb. 13, 2015). Draft SEC Form 10-K’s were privileged, because a review of the documents would call for disclosure of communications with corporate counsel. “Form 10-K requires extremely detailed financial, legal and structural information” and the “determination of what information should be disclosed for compliance is not merely a business operation, but a legal concern.”
In re New York Renu with Moistureloc Prod. Liab. Litig., No. CA2 2:06-MN-77777-DCN, 2008 WL 2338552, at *2-6 (D.S.C. May 8, 2008). Attorney-client privilege applies to information contained in drafts of documents to the extent that the information is not in the final document or otherwise disclosed to third persons. Defendant was allowed to redact portions of the draft of a PowerPoint presentation that did not appear in the final version submitted to the FDA.

Roth v. Aon Corp., 254 F.R.D. 538, 541 (N.D. Ill. Jan. 8, 2009). Draft portion of Form 10K sent to in-house counsel for legal advice was privileged even though intention was to file final Form 10K with SEC.

Kobluk v. Univ. of Minn., 574 N.W.2d 436, 444 (Minn. 1998). Draft of letter was protected because the draft was sent to attorney for the purpose of obtaining legal advice and the surrounding circumstances indicated that the draft was intended to be confidential.

Grupo Sistemas Integrales de Telecomunicacion S.A. de C.V. v. AT&T Commun. Inc., 1995 WL 102679, at *1 (S.D.N.Y. 1995). Even where the final document was public, an attorney’s drafts are privileged when they are created as part of confidential legal communications.


Typically, disclosure in the presence of non-privileged persons destroys confidentiality and prevents the privilege from attaching. See In re Application of Chevron Corp., 650 F.3d 276, 288-90 (3d Cir. 2011) (presence of documentary film crew rendered conversation not privileged); United States v. Evans, 113 F.3d 1457, 1462-63 (7th Cir. 1997) (conversation between client and lawyer in front of client’s friend present for emotional support not privileged); United States v. Bernard, 877 F.2d 1463, 1465 (10th Cir. 1989) (voluntary disclosure to third parties waives privilege); Atwood v. Burlington Indus. Equity, Inc., 908 F. Supp. 319, 323 (M.D.N.C. 1995) (communications between attorney and client in the presence of a union representative held not privileged); Sylgab Steel & Wire Corp. v. Imoco-Gateway Corp., 62 F.R.D. 454, 457-58 (N.D. Ill. 1974), aff’d, 534 F.2d 330 (7th Cir. 1976); cf. Neighborhood Dev. Collaborative v. Murphy, 233 F.R.D. 436, 438-39 (D. Md. 2005) (under Maryland law, client’s use of financial consultant during meetings with attorney did not waive privilege, even if consultant’s presence was not reasonably necessary); KENNETH S. BROUN, ET AL., MCCORMICK ON EVIDENCE § 91 (7th ed. 2016).

2. Confidentiality Within Organizations

For organizational clients, the courts have permitted “need-to-know” agents to have access to privileged documents without destroying confidentiality and relinquishing the privilege. See FTC v. GlaxoSmithKline, 294 F.3d 141, 147 (D.C. Cir. 2002); Coastal States Gas Corp. v. Dep’t of Energy, 617 F.2d 854, 863 (D.C. Cir. 1980); Diversified Indus., Inc. v. Meredith, 572 F.2d 596, 602 (8th Cir. 1977); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 73 cmt. g (2000). The group of “need-to-know” agents is comprised of employees of the organization who reasonably need to know of the communication in order to act in the interest of the corporation. Coastal States Gas Corp., 617 F.2d at 863 (applying a “need-to-know” test to find that indiscriminate circulation of a memorandum constituted disclosure); Scott v. Chipotle Mexican Grill, Inc., 94 F. Supp. 3d 585, 599 (S.D.N.Y. 2015) (disclosure to employees who were able to act upon or implement the information or advice they received did not waive privilege); Moffatt v. Wazana Bros. Int’l, Civ. 14-1881, 2014 WL 5410201, at *3 (E.D. Pa. Oct. 24, 2014) (privilege not waived when CFO relayed counsel’s advice to CEO.
and President); 24 Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure § 5484 (1st ed. West 2019). In practice, “need-to-know” agents will consist primarily of persons with responsibility for accepting or rejecting the lawyer’s advice or acting on the recommendations of the lawyer. All those employees who would be held personally liable either financially or criminally, or who would benefit from the information (such as partners), will also generally be considered “need-to-know” agents. Restatement (Third) of the Law Governing Lawyers § 73 cmt. g (2000).

Under the “need-to-know” doctrine, sharing documents with lower-echelon employees who need to know the information does not show an indifference to confidentiality and does not waive the protection of the privilege. See Upjohn Co. v. United States, 449 U.S. 383, 391-95 (1981); 3 Jack W. Weinstein et al., Weinstein’s Federal Evidence § 503.22[4] (Lexis 2014).

See also:

Helget v. City of Hays, No. 13-2228-KH-KGG, 2014 WL 1308890, at *2-3 (D. Kan. Mar. 28, 2014). Court denied plaintiff’s motion to compel emails among defendant’s employees, even where a lawyer was neither the author nor the recipient of the emails. The court explained that communications among non-lawyer employees may be privileged so long as they are made in confidence for the purpose of obtaining legal advice. It was undisputed here that the communications were the direct result of requests by counsel for the City and were for the purpose of obtaining legal advice with respect to responding to plaintiff’s discovery requests.


Adams v. United States, No. 03-0049-E-BLW, 2008 WL 2704553, at *2-5 (D. Idaho July 3, 2008). Deliberations for the purpose of obtaining legal advice among a core group were privileged when the core group consisted of a scientist, registration expert, crop protection expert, public affairs manager, and four attorneys.

In re N.Y. Renu with Moistureloc Prod. Liab. Litig., No. CA 2:06-MN-77777-DCN, 2008 WL 2338552, at *1-2 (D.S.C. May 8, 2008). Recipients of an email to corporate counsel and high-level personnel about a possible presentation to the FDA were those who had a “need to know” counsel’s advice, and the document remained privileged.

Muro v. Target Corp., 243 F.R.D. 301, 305-06 (N.D. Ill. 2007), rev’d in part on other grounds, 250 F.R.D. 350 (N.D. Ill. 2007). Attorney-client privilege can be waived “if the communication is shared with corporate employees who are not ‘directly concerned’ with or did not have ‘primary responsibility’ for the subject matter of the communication.”

Williams v. Sprint/United Mgmt. Co., 238 F.R.D. 633, 641 (D. Kan. 2006), review denied by No. CIV 032200JWL, 2007 WL 2694029 (D. Kan. Sept. 11, 2007), and 2008 WL 4078778 (D. Kan. July 25, 2008). Although Tenth Circuit has not adopted the “need to know” test, ample evidence exists that such a test applies. Documents created at the order of counsel were confidential when only Human Resource employees had access to them and documents were marked “for internal use only.”

Verschoth v. Time Warner, Inc., No. 00 Civ. 1339AGSJCF, 2001 WL 286763, at *2 (S.D.N.Y. Mar. 22, 2001), adhered to as amended by 2001 WL 546630 (S.D.N.Y. May 22, 2001). While corporate executives may share legal advice with lower-level corporate employees without waiving the privilege, the privilege extends only to those employees with a “need to know,” including those employees with general policymaking authority and those with specific authority for the subject matter of the legal advice.

Gallo v. Eaton Corp., 122 F. Supp. 2d 293, 308 (D. Conn. 2000). For purposes of the employee’s defamation claim under Connecticut law, former employer had a qualified privilege when it drafted and circulated employee’s disciplinary letter only among those in the company who had a business need to know of reasons for employee’s discipline.


In re Worldwide Wholesale Lumber, Inc., 392 B.R. 197, 202-03 (Bankr. D.S.C. 2008). Upjohn’s analysis of which employees fall within the scope of attorney-client privilege applies equally to former employees. Communications between debtor’s former officer and director and trustee’s counsel for the purposes of investigation and rendering legal advice to trustee, as debtor’s successor, was privileged.

Zurich Am. Ins. Co. v. Super. Court, 66 Cal. Rptr. 3d 833, 841-46 (Cal. Ct. App. 2007). Communications among non-lawyer employees regarding the legal strategy or advice of company’s attorneys are privileged if non-lawyer employees have a need to know counsel’s advice.

Marriott Corp. v. Am. Acad. of Psychotherapists, Inc., 277 S.E.2d 785, 790-92 (Ga. Ct. App. 1981). Decided less than one month after Upjohn and without citing it, the court set forth rules concerning the corporate client. In its test, the court set limits on the privilege which required that the communication not be disseminated “beyond those persons who, because of the corporate structure, need to know its contents.”

3. Email And Confidentiality

Email presents two challenges to the confidentiality of communications and the attorney-client privilege. First, like other forms of communication, email is susceptible to breaches of security in transmission. Second, the ease with which email is copied, transmitted to large numbers of people, and sometimes incorrectly transmitted due to operator error, presents challenges unique to the confidentiality of email communications. See, e.g., Multiquip, Inc. v. Water Mgmt. Sys. LLC, No. CV 08-403-S-EJL-REB, 2009 WL 4261214, at *4-5 (D. Idaho Nov. 23, 2009) (email program’s auto-fill feature inadvertently caused privileged documents to be sent to opposing counsel); Muro v. Target Corp., 243 F.R.D. 301, 307-10 (N.D. Ill. 2007) (noting that emails sent to at least ten employees or to unidentified distribution lists “does not suggest confidentiality, and no privilege can be maintained for communications that were shared with a group of unidentified persons”), rev’d in part on other grounds, 250 F.R.D. 350 (N.D. Ill. 2007); United States v. Chevron Texaco Corp., 241 F. Supp. 2d 1065, 1075 n.6 (N.D. Cal. 2002) (“If an e-mail with otherwise privileged attachments is sent to a third party, Chevron loses the privilege with respect to that e-mail and all of the attached e-mails.”) (emphasis in original).

Perhaps in response to these concerns, some early state bar decisions took the position that the use of email violated the attorney’s duty of confidentiality. Later opinions have generally expressed more comfort with the use of email as the technology has become better understood. See ABA Comm. on Ethics & Prof’l Responsibility, Formal Op. 99-413, n.40

Though more easily susceptible to interception, email is generally considered to be no less secure than other forms of communication, such as facsimile, telephone, and mail transmission, which are already used with an expectation of privacy. See ABA Comm. on Ethics & Prof’l Responsibility, Formal Op. 99-413 (1999); see also United States v. Maxwell, 45 M.J. 406, 417-19 (C.A.A.F. 1996) (“The fact that an unauthorized ‘hacker’ might intercept an email message does not diminish the legitimate expectation of privacy in any way.”). In reviewing various communications technologies, the ABA ethics committee compared email favorably to facsimile technology, noting the security each offers in transmission, but the ease with which documents could be misdirected due to operator error. The ABA observed that “[a]uthority specifically stating that the use of fax machines is consistent with the duty of confidentiality is absent, perhaps because . . . courts assume the conclusion to be self-evident.” ABA Comm. on Ethics & Prof’l Responsibility, Formal Op. 99-413 (1999). The same is likely true of email, to which courts have extended privileged status without differentiation from other “documents.” See, e.g., In re Grand Jury Proceeding, 43 F.3d 966, 968 (5th Cir. 1994) (considering email messages along with other documents); McCook Metals L.L.C. v. Alcoa, Inc., 192 F.R.D. 242, 255 (N.D. Ill. 2000) (holding email correspondence between attorneys to be protected under the attorney-client privilege).

Some states have enacted statutes that reject the notion that use of email could automatically constitute a waiver. CAL. EVID. CODE § 917(b) (West 2017) (“A communication between persons in a relationship listed in subdivision (a) [including lawyer-client] does not lose its privileged character for the sole reason that it is communicated by electronic means or because persons involved in the delivery, facilitation, or storage of electronic communication may have access to the content of the communication.”); N.Y.C.P.L.R. LAW § 4548 (McKinney 2014) (“No communication privileged under this article shall lose its privileged character for the sole reason that it is communicated by electronic means or because persons necessary for the delivery or facilitation of such electronic communication may have access to the content of the communication.”).

In the Fourth Amendment context, courts have held that the transmission of email occurs with a reasonable expectation of privacy, but once received by the intended party, such an expectation disappears. Thus, an email may be sent without an expectation of interception, but no such expectation as to the recipient’s actions is appropriate. See United States v. Heckenkamp, 482 F.3d 1142, 1146-47 (9th Cir. 2007) (holding that although a person’s reasonable expectation of privacy in electronic communication may diminish after a sender’s information reaches a recipient, the mere connection to a network that has no monitoring policy does not extinguish the reasonable expectation of privacy); United States v. Charbonneau, 979
The prudent attorney should therefore feel comfortable in taking advantage of the relative security and ease-of-use of email technology but bear in mind the risks associated both with accidental transmission to an unintended party and the ease with which the intended party may forward the email to unprivileged persons. This concern may be particularly acute for in-house counsel, who may regularly send email messages to large user or distribution groups that may include non-privileged employees.

Many attorneys have adopted the practice of placing a boiler-plate confidentiality notice on email transmissions. Such notices may prove valuable in the case of documents erroneously transmitted to another attorney. Several courts have held that an attorney’s inspection of obviously privileged documents may lead to varying degrees of exclusion at trial and potentially to sanctions as well. See Am. Express v. Accu-Weather, Inc., No. 92-Civ-705, 1996 WL 346388, at *3 (S.D.N.Y. June 25, 1996) (sanctioning attorney who opened a package and reviewed its contents despite having received a call beforehand indicating that the package contained privileged information and should be returned); Resolution Trust Corp. v. First Am. Bank, 868 F. Supp. 217, 221 (W.D. Mich. 1994) (lawyer receiving materials on their face subject to attorney-client privilege has a duty to return them without examining further; ordering destruction of document and all copies, but noting that Michigan state rules would allow their introduction for impeachment). Thus, to the extent that such boilerplate does put a receiving attorney on notice that he is in possession of privileged material, he may have an ethical obligation to cease review of the material and return it to the transmitting party. Moreover, a court may consider the absence of such language as evidence that reasonable efforts to maintain confidentiality were not taken. See Muro v. Target Corp., 243 F.R.D. 301, 308-09 (N.D. Ill. 2007), rev’d in part on other grounds, 250 F.R.D. 350 (N.D. Ill. 2007); see also Clarke v. J.P. Morgan Chase & Co., No. 08 Civ. 02400, 2009 WL 970940, at *1-2, *5-6 (S.D.N.Y. Apr. 10, 2009) (inadvertently produced email memorandum discussing reclassification of certain positions from “exempt” to “nonexempt” for overtime purposes, prepared in part by defendant’s deputy general counsel, could not be clawed back because it did not, on its face, state that it was prepared by counsel, that it contained legal advice, or that recipients should treat the document as confidential, so recipient had no way of knowing that the memorandum reflected legal advice). Nevertheless, the presence of boilerplate language is not dispositive on the issue of whether the attorney-client privilege protects the email. Chrysler Corp. v. Sheidan, No. 227511, 2001 WL 773099, at *4 n.3 (Mich. Ct. App. July 10, 2001) (distinguishing Resolution Trust).

If a party does not have a reasonable expectation of privacy in the use of email, transmission of otherwise-protected material may result in a waiver. This problem may arise, for example, if an employee uses a corporate email system to communicate with his personal attorney. In In re Asia Global Crossing, Ltd., the court adopted a four-part test to determine if an employee had a legitimate expectation of privacy in using his employer’s email system, and consequently whether the communications were at issue:

[A] court should consider four factors: (1) does the corporation maintain a policy banning personal or other objectionable use, (2) does the company
monitor the use of the employee’s computer or email, (3) do third parties have
a right of access to the computer or emails and (4) did the corporation notify
the employee, or was the employee aware, of the use and monitoring policies?

322 B.R. 247, 257 (Bankr. S.D.N.Y. 2005) (footnote omitted). The court was unable to
determine whether the employees had such an expectation on the record presented. Id. at 263.

Compare:

Kreuze v. VCA Animal Hospitals, Inc., No. PJM-17-1169, 2018 WL 1898248, at *2 (D. Md. Apr. 20,
2018). Employee emails with personal attorney on company’s email system remained privileged where
employer did not ban personal email use and did not actively monitor email use.

applied In re Asia Global Crossing’s four-factor test and held that a document prepared on the
employee’s work computer was confidential, even though the document was not password protected and
others knew the employee’s log-in password. First, the company did not prohibit employees from using
their work computer for personal reasons. It monitored Internet and email usage, but not the local hard
drive. Second, others had not logged onto the computer without the employee’s consent.

personal emails to his lawyer remained privileged even though sent on company-issued computers.
Earlier in the litigation, the company sought not to produce such communications and, thus,
demonstrated that it believed that its employee had not waived the attorney-client privilege.

Convertino v. U.S. Dep’t of Justice, 674 F. Supp. 2d 97, 109-10 (D.D.C. 2009). Court held that emails
sent by Assistant United States Attorney to his personal counsel on his work computer remained
privileged, noting that the DOJ maintains a policy that does not ban personal use of company computers.
Although the DOJ has access to personal emails sent through AUSAs’ accounts, the AUSA involved was
unaware that the DOJ would be regularly accessing and saving emails from his account, therefore the
AUSA’s expectation of confidentiality was reasonable.

Mason v. ILS Techs., L.L.C., No. 3:04-CV-139-RJC-DCK, 2008 WL 731557, at *4 (W.D.N.C. Feb. 29,
2008). An employee’s email communications with his attorney were privileged despite having been sent
on a company computer. Although the employer argued that it had a policy that computers should be
used only for business purposes and that the company reserved the right to review employee emails, the
court found that the employer had not demonstrated that it had, in fact, effectively conveyed its restricted
email policy to the employee, and the employee demonstrated he was unaware of this policy. The court
refused to find waiver merely on the basis that the employee “should have known” about the email
policy.

Curto v. Med. World Commc’ns, Inc., No. 03CV6327 (DRH)(MLO), 2006 WL 1318387, at *3-8
(E.D.N.Y. May 15, 2006). Plaintiff’s use of her employer-owned laptop did not waive attorney-client
privilege where the lack of enforcement by defendant-employer of its computer usage policy created a
“false sense of security” that “‘lull[ed]’ employees into believing that the policy would not be enforced.”

People v. Jiang, 33 Cal. Rptr. 3d 184, 203-08 (Cal. Ct. App. 2005). Documents typed on company-
owned laptop by criminal defendant’s wife for transmission to defendant’s counsel were privileged
where the documents were password-protected and located in file labeled “Attorney.”

Oct. 20, 2006). In the absence of any evidence that defendant had ever seen or known about the manual,
or any evidence that defendant knew that plaintiff had any policy or practice of monitoring employees’
computer use or prohibiting personal use of company email, there was no reason to find that defendant waived attorney-client privilege.


Stengart v. Loving Care Agency, Inc., 990 A.2d 650, 660-61 (N.J. 2010). Emails sent by employee to her attorney on a company computer using a personal, password-protected, web-based email account were privileged where the company policy did not warn employees that emails sent from personal accounts were not private. The court also stated that a company policy that provided unambiguous notice that the employer could retrieve and read an employee’s attorney-client communications, if accessed on a personal, password-protected email account using the company’s computer system, would not be enforceable.

With:

Bingham v. Baycare Health Sys., No: 8-14-cv-73-T-23JSS, 2016 WL 3917513, at *2-5 (M.D. Fla. July 20, 2016). Privilege waived where employee forwarded email from employee’s personal account to his work account, because employee did not have a reasonable expectation of confidentiality in his work account.

United States v. Finazzo, No. 10-CR-457 (RRM) (RML), 2013 WL 619572, at *7 (E.D.N.Y. Feb. 19, 2013). Email that employee received from counsel in employee’s work account was not privileged, despite the fact that employee did not request or expect the email, because employee had previously sent emails to counsel from that account and because employer had a standing policy of monitoring emails.

Aventa Learning, Inc. v. K12, Inc., 830 F. Supp.2d 1083, 1109 (W.D. Wash. 2011). Attorney-client privileged documents lost their privileged status when the employee saved them on the hard drive of his work computer, due to employer’s policy that files saved on employee devices were subject to view by the employer.

Alamar Ranch LLC v. Cnty. of Boise, No. CV-09-004, 2009 WL 3669741, at *3-4 (D. Idaho Nov. 2, 2009). Employee’s use of company’s email account to correspond with her personal attorney waived the privilege where company put its employees on notice that emails were company property, would be monitored, stored, accessed, and disclosed by the company, and should not be assumed to be confidential.


Holmes v. Petrovich Dev. Co., 119 Cal. Rptr. 3d 878, 897-88 (Cal. Ct. App. 2011). Where employee was aware of detailed company policy prohibiting personal use of computers, personal emails sent on company computer by employee to her personal attorney were not privileged.

In re Information Mgmt. Servs., Inc., 81 A.3d 278, 285-98 (Del. Ch. 2013). A corporate officer’s emails to his personal attorney from his work account were not privileged, based on the corporation’s standing policy of monitoring emails, even though the corporation had never actually checked its employees’ emails.
Scott v. Beth Israel Med. Ctr., 847 N.Y.S.2d 436, 440-41 (N.Y. Sup. Ct. 2007). Attorney-client privilege did not apply to emails doctor sent using his employer’s email system where the effect of employer’s email-use policy was “to have the employer looking over your shoulder each time you send an e-mail.”

See also:

SEC v. Finazzo, 543 F. Supp. 2d 224, 227-29 (S.D.N.Y. 2008). Court denied former officer’s motion to quash SEC subpoena where basis of subpoena was disclosure by company of former officer’s purportedly privileged email to his personal attorney sent on his company computer that was discovered during company’s internal investigation. The court declined to rule on whether employee’s email and attachment was privileged, noting that the SEC sought nonprivileged information for the investigation, not for evidence at trial.

Sims v. Lakeside Sch., No. C06-1412RSM, 2007 WL 2745367, at *1 (W.D. Wash. Sept. 20, 2007). Plaintiff-employee had no reasonable expectation of privacy in emails he sent using the email account provided and maintained by his employer, but emails sent to his attorney using his personal, password-protected, web-based email account were protected by the attorney-client privilege although they were sent using his employer-owned computer and internet access.

Parnes v. Parnes, 915 N.Y.S.2d 345, 348-50 (N.Y. App. Div. 2011). In a divorce proceeding, court held that husband waived privilege with respect to a hard copy of an email with his attorney that he left on a desk in the marital home, but he did not waive privilege with respect to password protected emails that his wife discovered by using his personal password.

D. PRIVILEGE APPLIES ONLY TO COMMUNICATIONS MADE FOR THE PURPOSE OF SECURING LEGAL ADVICE

1. Legal Purpose

The final requirement to establish the privilege is that the protected communication was made for the purpose of securing legal advice or assistance. See Sandra T.E. v. S. Berwyn Sch. Dist. 100, 600 F.3d 612, 618 (7th Cir. 2010) (client must seek “legal advice”); In re Six Grand Jury Witnesses, 979 F.2d 939, 943 (2d Cir. 1992) (privilege protects communications made in confidence to lawyer to obtain legal counsel); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 72 cmt. c (2000). See also In re Lindsey (Grand Jury Testimony), 158 F.3d 1263, 1270 (D.C. Cir. 1998) (advice given by White House counsel to Office of the President “on political, strategic, or policy issues . . . would not be shielded from disclosure by the attorney-client privilege”). A lawyer’s initial consultation with a prospective client seeking legal assistance generally satisfies this requirement. Grand Jury Proceedings Under Seal v. United States, 947 F.2d 1188, 1190 (4th Cir. 1991) (“Statements made while intending to employ a lawyer are privileged even though the lawyer is not employed.”); United States v. Dennis, 843 F.2d 652, 656 (2d Cir. 1988); Calandra v. Sodexho, No. 3:06CV49WWE, 2007 WL 1245317, at *2-4 (D. Conn. Apr. 27, 2007) (a party’s notes, prepared in an effort to retain an attorney and reviewed by the party in preparation for his deposition, were protected by the attorney-client privilege because they were prepared for the purpose of seeking legal advice and were kept confidential); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 70 cmt. c; § 72(1) (2000).

Courts rely on a variety of factors in determining whether a legal purpose underlies a communication, including:
(1) the extent to which the attorney performs legal and non-legal work for the client,
(2) the nature of the communication, and
(3) whether or not the attorney had previously provided legal assistance relating to the same matter.

See, e.g., Restatement (Third) of the Law Governing Lawyers § 72 cmt. c (2000); 24 Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure § 5478 (1st ed. West 2019). Communications made to or by attorneys for business or financial purposes are not privileged. Moreover, the privilege protects only communications that relate to the specific matter on which the attorney’s services have been sought, not unrelated communications.

See: United States v. Richey, 632 F.3d 559, 568 (9th Cir. 2011). Communications between attorney and appraiser hired by counsel not privileged where purpose of communications was to prepare a valuation report for submission to the IRS, which was a business purpose, and not for the purpose of providing legal advice.

Haines v. Liggett Grp., Inc., 975 F.2d 81, 94 (3d Cir. 1992). Privilege protects confidential communications made to an attorney in a professional capacity.

United States v. Wilson, 798 F.2d 509, 513 (1st Cir. 1986). Lawyer functioned as a negotiator and messenger for a business deal, rather than as a lawyer, and therefore the communications were not privileged.

In re Domestic Drywall Antitrust Litig., MDL No. 2437, No. 13-MD-2437, 2014 WL 5090032, at *4 (E.D. Pa. Oct. 9, 2014). Internal corporate antitrust compliance policy, which was widely distributed throughout the organization, and which provided general compliance guidance but no specific legal advice regarding a particular matter was “more akin to a reference or instructional guide,” and was not privileged.

MediaTek Inc. v. Freescale Semiconductor, Inc., No. 4:11-cv-05341, 2013 WL 5594474, at *4-5 (N.D. Cal. Oct. 10, 2013). Technical consultant’s report and drafts of report, which were never reviewed by counsel, relating to the purchase of patents were found to have been prepared for a business purpose.


In re Grand Jury Subpoenas Dated Mar. 9, 2001, 179 F. Supp. 2d 270, 285 (S.D.N.Y. 2001). Attorney-client privilege did not apply to communications among attorneys who were working to obtain presidential pardon. The attorneys were acting as lobbyists rather than as attorneys.

Rivera v. Knart Corp., 190 F.R.D. 298, 302-03 (D.P.R. 2000). In order for privilege to attach to communication between in-house counsel and corporate client, in-house counsel must have been acting as an attorney.

Ga.-Pac. Corp. v. GAF Roofing Mfg. Corp., No. 93 Civ. 5125, 1996 WL 29392, at *4 (S.D.N.Y. Jan. 25, 1996). The attorney-client privilege did not apply to communications made between an in-house attorney and his corporate client while the attorney was acting as a contract negotiator because the attorney was acting in a business capacity rather than executing a traditional function of an attorney.
In re Air Crash Disaster, 133 F.R.D. 515, 519 (N.D. Ill. 1990). No privilege applies if the role of the lawyer is minor or was intended merely to immunize documents from production.

E.I. DuPont de Nemours & Co. v. Forma-Pack, Inc., 718 A.2d 1129, 1141-42 (Md. 1998). Communications between corporation’s in-house counsel and debt-collection agency that were conducted for the purpose of collecting on a debt owed to the corporation were not privileged. The debt collection was a business function, and a corporation cannot obtain protection for such business communications by “routing” those communications through its legal department.

The courts can be particularly skeptical when a party asserts privilege over communication relating to the preparation of tax returns or use of tax shelters.

United States v. Bornstein, 977 F.2d 112, 116-17 (4th Cir. 1992). Preparation of tax returns does not ordinarily constitute legal advice within the scope of the privilege. However, accounting services that are ancillary to legal advice may be privileged, and preparation of tax returns can fall within this area. Court remanded case to determine whether the defendant benefited more from the attorney’s services as an attorney or as an accountant-tax preparer.

Bodega Invs., LLC v. United States, No. 08 Civ 4965, 2009 WL 1456642, at *4-5 (S.D.N.Y. May 14, 2009). Communications between client and its tax counsel regarding the establishment of a tax shelter were legal and not business communications, so they were privileged.

United States v. Frederick, 182 F.3d 496, 502 (7th Cir. 1999). “[A] dual-purpose document – a document prepared for use in preparing tax returns and for use in litigation – is not privileged; otherwise, people in or contemplating litigation would be able to invoke, in effect, an accountant’s privilege, provided that they used their lawyer to fill out their tax returns.”

United States v. El Paso Co., 682 F.2d 530, 539 (5th Cir. 1982) (internal citations omitted). Stating in dicta that “[t]he line between accounting work and legal work in the giving of tax advice is extremely difficult to draw. We have held that the preparation of tax returns is generally not legal advice within the scope of the privilege. . . . Nevertheless, we would be reluctant to hold that a lawyer’s analysis of the soft spots in a tax return and his judgments on the outcome of litigation on it are not legal advice.”

United States v. Textron Inc., 507 F. Supp. 2d 138, 147 (D.R.I. 2007), vacated on other grounds, 577 F.3d 21 (2009). Tax accrual workpapers for corporation protected by attorney-client privilege despite containing accounting information because they also analyzed uncertain areas of the law and assessed the corporation’s chances of winning ensuing litigation. However, privilege was waived by disclosure to company’s auditors.

2. **Cases Of Mixed Purpose**

Often a problem of mixed purposes arises. For the privilege to apply in such cases, the communication between client and lawyer must be primarily for the purpose of providing legal assistance and not for another purpose. As long as the client’s purpose was to gain some advantage from the lawyer’s legal skills and training, the services will be considered legal in nature, despite the fact that the client may also get other benefits, such as business advice.

See:

F.T.C. v. Boehringer Ingelheim Pharm., 892 F.3d 1264, 1268 (D.C. Cir. 2018). Citing In re Kellogg Brown & Root, Inc, below, the court held that communications from employees conveying factual information to counsel were privileged where a significant purpose of the communications was to assist counsel to provide legal advice to the company.
In re Kellogg Brown & Root, Inc., 756 F.3d 754, 757-60 (D.C. Cir. 2014). An internal investigation conducted for a significant legal purpose is privileged even where there are also significant business purposes for the investigation. Obtaining legal advice need not be the “sole purpose” of the investigation as long as “a primary purpose” of the investigation is to obtain or to provide legal advice.

In re Cnty. of Erie, 473 F.3d 413, 421-22 (2d Cir. 2007). Communication between government attorney and public officials (sheriffs) were privileged even though communications analyzed already-existing policies and proposed alternatives. Advice about compliance with legal obligations is legal in nature and not for a business purpose.

United States v. Chen, 99 F.3d 1495, 1501 (9th Cir. 1996). “The attorney-client privilege applies to communications between lawyers and their clients when the lawyers act in a counseling and planning role, as well as when lawyers represent their clients in litigation.”

Dunn v. State Farm Fire & Cas. Co., 927 F.2d 869, 875 (5th Cir. 1991). Insurer’s attorneys investigated the cause of a fire. Court found investigative tasks were related to the rendering of legal services, and, thus, any communications involving the investigation were privileged.

Simon v. G.D. Searle & Co., 816 F.2d 397, 402-04 (8th Cir. 1987). Business documents were not privileged because they were provided to lawyer solely to keep her apprised of business matters.

In re Sealed Case, 737 F.2d 94, 99 (D.C. Cir. 1984). Where in-house counsel was both lawyer and company vice president with other responsibilities outside lawyer’s sphere, the company was required to make a clear showing that the communications with in-house counsel were in a legal rather than business capacity in order to invoke the privilege.

Pitkin v. Corizon Health, Inc., No. 3:16-cv-02235-AA, 2017 WL 6496565, at *4 (D. Or. Dec. 18, 2017). Attorney-client privilege attached to results of an investigation where “at least one primary purpose of the investigation was to ‘assess the situation from a legal perspective, provide legal guidance, and prepare for possible litigation and/or administrative proceedings.’”

Smith v. Ergo Sols., LLC, No. 14-382 (JDB), 2017 WL 2656096, at *3 (D.D.C. June 20, 2017). Attorney-client privilege attached to report because it included legal conclusions, recommendations, and strategies and a “significant purpose” of the report was to provide legal advice.

Rowan v. Sunflower Elec. Power Corp., No. 15-cv-9227-JWL-TJJ, 2016 WL 3745680, at *3-5 (D. Kan. July 13, 2016). Draft letters attached to privileged emails to general counsel were not privileged when those drafts did not reveal legal advice; addressed business, not legal, issues; and were drafts of a document intended to be sent to a third party.

In re General Motors LLC Ignition Switch Litig., 80 F. Supp. 3d 521, 530 (S.D.N.Y. Jan. 15, 2015). Internal investigation materials are protected by the attorney-client privilege if a primary purpose of the investigation is legal in nature; the primary purpose test does not require a showing that obtaining or providing legal advice was the sole purpose or that the communications at issue “would not have been made ‘but for’ the fact that legal advice was sought.”

United States v. ISS Marine Servs., Inc., 905 F. Supp. 2d 121, 130 (D.D.C. 2012). An audit report prepared by non-lawyer employees was not privileged because counsel did not oversee the audit or the creation of the report, even though outside counsel had been consulted briefly when the audit was initiated.

assistance . . . . When the business simultaneously sends communications to both lawyers and non-lawyers, it usually cannot claim that the primary purpose of the communication was for legal advice or assistance because the communication served both business and legal purposes."

Roth v. Aon Corp., 254 F.R.D. 538, 541 (N.D. Ill. 2009). Email requesting comments on a draft Form 10K from CFO to head of investor relations, deputy general counsel, and personnel in Controller’s office was privileged: “The determination of what information should be disclosed for compliance is not merely a business operation, but a legal concern.”

Argo Sys. FZE v. Liberty Ins. PTE Ltd., No. Civ. A. 04-00321-CGB, 2005 WL 1355060, at *3-4 (S.D. Ala. June 7, 2005). Where attorney acted as a claims-investigator and not as an attorney, the privilege did not apply to facts uncovered as part of the investigation.

Gen. Elec. Capital Corp. v. DirectTV, Inc., No. 3:97 CV 1901, 1998 WL 849389, at *6 (D. Conn. July 30, 1998). “When he acts as an advisor, the attorney must give predominantly legal advice to retain his client’s privilege of non-disclosure, not solely, or even largely, business advice . . . in the case where a lawyer responds to a request not made primarily for the purpose of securing legal advice, no privilege attaches to any part of the document.”

United States v. Chevron Corp., No. C-94-1885, 1996 WL 264769, at *3 (N.D. Cal. Mar. 13, 1996). A party seeking to withhold discovery based on the attorney-client privilege must prove that all communications it seeks to protect were made “primarily for the purpose of generating legal advice.” “No privilege can attach to any communication as to which a business purpose would have served as a sufficient cause, i.e., any communication that would have been made because of a business purpose, even if there had been no perceived additional interest in securing legal advice. If the document was prepared for purposes of simultaneous review by legal and non-legal personnel, it cannot be said that the primary purpose of the document is to secure legal advice.”

Stender v. Lucky Stores, Inc., 803 F. Supp. 259, 331 (N.D. Cal. 1992). Privilege may be asserted for a meeting that was scheduled for a purpose other than facilitating the provision of professional legal services to the client.

Mass. Sch. of Law at Andover, Inc. v. Am. Bar Ass’n, 895 F. Supp. 88, 91 (E.D. Pa. 1995). The work of legal counsel should not be narrowly construed to include only trial-related services.

Great Plains Mut. Ins. Co., Inc. v. Mut. Reins. Bureau, 150 F.R.D. 193, 197 (D. Kan. 1993). Documents created by counsel for the client, or by the client for counsel, are generally protected by the privilege so long as they discuss legal matters or are created to assist the attorney in providing legal advice. Merely giving advice that can affect the success or failure of the business does not convert legal advice into business advice that is not covered by the privilege.

While the communication must have a legal purpose, the attorney-client privilege is not lost merely because the communication contains some non-legal information.

See:


In re OM Sec. Litig., 226 F.R.D. 579, 587 (N.D. Ohio 2005). Concluding that, in cases of dual purpose, the attorney-client privilege is broader than the work product doctrine and that “documents prepared for the purpose of obtaining or rendering legal advice are protected even though the documents also reflect or include business issues.”
Status Time Corp. v. Sharp Elec. Corp., 95 F.R.D. 27, 31 (S.D.N.Y. 1982). Communications of exclusively technical information to patent attorneys not privileged. Documents containing considerable amounts of technical information will be privileged if they are concerned primarily with a request for a provision of legal advice.

Costco Wholesale Corp. v. Super. Court, 219 P.3d 736 (Cal. 2009). A letter written to employer’s corporate counsel by outside counsel who investigated wage classifications of certain employees was entirely covered by attorney-client privilege, even if the letter contained factual information from interviews with employees that could have been performed by a non-attorney, where outside counsel was presented with a question requiring legal analysis and was asked to investigate the facts she needed to render a legal opinion.

Leibel v. Gen. Motors Corp., 646 N.W.2d 179, 185 (Mich. Ct. App. 2002). While in-house counsel’s memo contained certain factual statements, “the overriding basis for and content of the memorandum concerns legal advice for seatback safety and potential litigation.”

The existence of the privilege and its protection of legal communications will not bring non-legal communications within the privilege. See Motley v. Marathon Oil Co., 71 F.3d 1547, 1551 (10th Cir. 1995) (“the mere fact that an attorney was involved in a communication does not automatically render the communication subject to the attorney-client privilege”); Thurmond v. Compaq Computer Corp., 198 F.R.D. 475, 483 (E.D. Tex. 2000). (“[C]ommon sense tells us that there is a difference between merely providing legal information and providing legal ‘advice.’ . . . [T]he attorneys were acting more as ‘courier[s] of factual information,’ rather than ‘legal advisers.’”); Mass. Sch. of Law at Andover, Inc. v. Am. Bar Ass’n, 895 F. Supp. 88, 91 (E.D. Pa. 1995); Hardy v. N.Y. News, 114 F.R.D. 633, 643-44 (S.D.N.Y. 1987) (“[T]he business aspects of the decision are not protected simply because legal considerations are also involved.”); Foseco Int’l Ltd. v. Fireline, Inc., 546 F. Supp. 22, 24 (N.D. Ohio 1982) (“Communications made in the routine course of business, however, such as transmittal letters or acknowledgment of receipt letters, which disclose no privileged matters and which are devoid of legal advice or requests for such advice are not protected.”). Moreover, the attorney-client privilege does not reach facts within the client’s knowledge, even if the client learned of those facts through communications with counsel.

When an attorney acts solely as a business advisor, negotiator, or scrivener, communications are not privileged because they do not have a legal purpose. See In re Lindsey, 148 F.3d 1100, 1106 (D.C. Cir. 1998) (communications not privileged when attorney acts as a policy advisor, media expert, business consultant, banker, referee or friend); In re Grand Jury Subpoena Duces Tecum, 731 F.2d 1032, 1037 (2d Cir. 1984) (communications that did not evidence legal advice, but merely business advice, were not privileged, as opposed to documents which did show that the client was seeking legal advice); United States v. El Paso Co., 682 F.2d 530, 539 (5th Cir. 1982) (preparation of tax returns); United States v. Davis, 636 F.2d 1028, 1042-43 (5th Cir. 1981) (business adviser role is not privileged); Pearlstein v. BlackBerry Ltd., No. 13-CV-07060 (CM) (KHP), 2019 WL 1259382, at *13-15 (S.D.N.Y. Mar. 19, 2019) (communications and documents from investigation led by chief legal officer held not privileged where investigation related to sales and return rates and was primarily for a business purpose, i.e., to refute negative market research report); Koumoulis v. Indep. Fin. Mktg. Grp., Inc., 295 F.R.D. 28, 44-46 (E.D.N.Y. 2013), aff’d, 29 F. Supp. 3d 142 (E.D.N.Y. Jan. 21, 2014) (communications of outside counsel who supervised and directed an internal investigation as an adjunct member of the human resources team were not privileged where

Similarly, when a lawyer is merely providing factual information rather than legal advice, communications will not be protected. See Dawson v. N.Y. Life Ins. Co., 901 F. Supp. 1362, 1366 (N.D. Ill. 1995). Additionally, communications that are prompted by personal friendships or family relationships, as opposed to the desire for legal advice, are not protected. United States v. Tedder, 801 F.2d 1437, 1441-42 (4th Cir. 1986); In re Kinoy, 326 F. Supp. 400, 403 (S.D.N.Y. 1970).

If documents are prepared for simultaneous review by legal and non-legal personnel, a court may not deem them privileged, on the grounds that they were not prepared primarily for the purpose of providing legal advice.

See:

United States v. Frederick, 182 F.3d 496, 501-02 (7th Cir. 1999). A document prepared for simultaneous use in tax return preparation and litigation is not privileged.

Phillips v. C.R. Bard, Inc., 290 F.R.D. 613, 628-30 (D. Nev. 2013). The fact that a communication was sent to both lawyers and non-lawyers is not dispositive as to whether the “primary purpose” of the communication was to solicit legal advice; the court reviewed each communication for an individual privilege determination.

In re Vioxx Prods. Liab. Litig., 501 F. Supp. 2d 789, 806-07 (E.D. La. 2007). Where company routinely sent communications for simultaneous review by legal and non-legal personnel, company failed to demonstrate that communications were primarily for a legal purpose. “The structure of Merck’s enterprise, with its legal department having such broad powers, and the manner in which it circulates documents, has consequences that Merck must live with relative to its burden of persuasion when
privilege is asserted. When, for example, Merck simultaneously sends communications to both lawyers and non-lawyers, it usually cannot claim that the primary purpose of the communication was for legal advice or assistance because the communication served both business and legal purposes."


**In re Sulfuric Acid Antitrust Litig.**, 432 F. Supp. 2d 794, 796-97 (ND. Ill. 2006). Hypotheticals posed in antitrust compliance manuals created by employer’s attorney for distribution to employees not privileged because manuals were instructional devices based on real life scenarios rather than requests for legal advice.

**Visa U.S.A., Inc. v. First Data Corp.**, No. C-02-1786SJW(EMC), 2004 WL 1878209, at *4, 7 (N.D. Cal. Aug. 23, 2004). Rejecting proposition that primary purpose of communication must be legal and adopting a broader standard (used for work product purposes by the Ninth Circuit) that provides that where a communication was made “because of” a legal purpose, the privilege applied. Nonetheless, the court held that the documents at issue were not privileged because they would have been created in substantially the same way solely for business purposes.

**In re Buspirone Antitrust Litig.**, 211 F.R.D. 249, 252-53 (S.D.N.Y. 2002). The fact that a request to counsel was sent simultaneously to non-legal personnel did not, by itself, dictate the conclusion that a document was not prepared for the purpose of obtaining legal advice.

**Neuder v. Battelle Pac. Nw. Nat’l Lab.**, 194 F.R.D. 289, 292-93 (D.D.C. 2000). Although legal review of proposed termination was one purpose of meeting of personnel review committee, it was merely incidental to the primary business function of the meeting, which was to terminate the plaintiff’s employment.

**United States v. Chevron Corp.**, No. C-94-1885, 1996 WL 264769, at *6-7 (N.D. Cal. Mar. 13, 1996). If a document was prepared for purposes of simultaneous review by legal and non-legal personnel, it cannot be said that the primary purpose of the document was to secure legal advice.

**In re 3 Com Corp. Sec. Litig.**, No. C-89-20480, 1992 WL 456813, at *1-2 (N.D. Cal. Dec. 10, 1992). Draft press release documents that were sent to counsel for review were not privileged since attorney’s comments related to factual information and not legal advice.


**N.C. Elec. Membership Corp. v. Carolina Power & Light Co.**, 110 F.R.D. 511, 516-17 (M.D.N.C. 1986). Court ordered production of documents drafted by non-legal management and sent to in-house counsel because, among other things, the documents were simultaneously sent to both legal and non-legal personnel.

**FTC v. TRW, Inc.**, 479 F. Supp. 160, 163 (D.D.C. 1979), aff’d, 628 F.2d 207 (D.C. Cir. 1980). Document that was prepared for legal and non-legal review was not considered to have been prepared primarily for purposes of obtaining legal advice.


Similarly, summary documents based on attorney-client communications, but which do not reveal any individual communications, may not be privileged if they were prepared for purposes other than securing legal advice.
See: 

Simon v. G.D. Searle & Co., 816 F.2d 397, 401-04 (8th Cir. 1987). The “risk management” documents prepared from privileged case reserve information for general business purposes were not privileged, at least to the extent that they revealed aggregate claims information and not individual privileged communications.

In re Hillsborough Holdings Corp., 132 B.R. 478, 480 (Bankr. M.D. Fla. 1991). Privilege does not protect compilations of litigation data made by an attorney for business rather than legal purposes. Where counsel collected information on judgments against the company and insurance coverage, court held data was for the business purposes of accounting and insurance planning, and not for the purpose of seeking or providing legal advice.

The issue of mixed legal and business purposes arises frequently in the context of communications with in-house counsel. The fact that in-house counsel often play multiple roles in the corporation has caused many courts to apply heightened scrutiny in determining whether the elements of the attorney-client privilege have been established. While courts do not want to weaken the privilege, they are mindful that corporate clients could attempt to hide mountains of otherwise discoverable information behind a veil of secrecy by using in-house legal departments as conduits of otherwise non-privileged information. “The fact that the attorney is in-house counsel does not mean that the privilege is unavailable. . . . However, in-house counsel’s law degree and office are not to be used to create a ‘privileged sanctuary for corporate records.”’ United States v. Davis, 131 F.R.D. 391, 401 (S.D.N.Y. 1990) (internal citations omitted). As a result, many courts impose a higher burden on in-house counsel to “clearly demonstrate” that advice was given in a legal capacity. See, e.g., Acosta v. Target Corp., 281 F.R.D. 314, 322 (N.D. Ill. 2012) (noting that “[an] expanded role of legal counsel within corporations has increased the difficulty for judges in ruling on privilege claims [and] has concurrently increased the burden that must be borne by the proponent of corporate privilege claims relative to in-house counsel"). See also Defining The Lawyer: In-House vs. Outside Counsel, § 1.B.2.a, supra.

See: 

United States v. Adlman, 68 F.3d 1495, 1500 (2d Cir. 1995). In-house counsel, who was also the company’s Vice President for Taxes, resisted a summons served by the IRS for the production of a preliminary and final draft of a memorandum prepared by the company’s auditors. The court rejected counsel’s assertion of the attorney-client privilege because counsel failed to demonstrate that the auditor’s work in this instance was to provide legal rather than business advice. The court found that there was no contemporaneous documentation, such as a separate retainer agreement, supporting the position that the auditor, in this task alone, was working under a different arrangement from that which governed the rest of its work with the company.

MediaTek Inc. v. Freescale Semiconductor, Inc., No. 4:11–cv–05341, 2013 WL 5594474, at *4-5 (N.D. Cal. Oct. 10, 2013). Technical consultant’s report and drafts of report, which was requested and retained by company’s general counsel, was not privileged. The fact that the report was requested by the general counsel was insufficient to establish that the report was created primarily to facilitate the provision of legal advice; there was no indication that the report was ever reviewed by counsel, and the report was commissioned in the context of a business purpose (i.e., the decision whether to purchase certain patents).

In re Vioxx Prods. Liab. Litig., 501 F. Supp. 2d 789 (E.D. La. 2007). Defendant drug company asserted two new theories regarding attorney-client privilege. First, defendant argued the “Pervasive Regulation
Theory” – that because drug companies are heavily regulated, all communications between in-house counsel and company employees carry legal problems and should be covered by privilege. Second, defendant asserted the “Reverse Engineering Theory” – that drafts of otherwise non-privileged documents should be privileged where an adverse party could “discern the content of legal advice that was subsequently offered [by in-house counsel].” The court rejected both novel theories on the grounds that companies cannot be allowed to immunize all of their communications by passing them through the companies’ legal departments.

Deel v. Bank of Am., N.A., 227 F.R.D. 456, 458, 460 (W.D. Va. 2005). Observing that the privilege “applies to individuals and corporations, and to in-house and outside counsel” and refusing to order production of documents where party “clearly sent these documents to its in-house and outside counsel to facilitate legal services.”

United States v. ChevronTexaco Corp., 241 F. Supp. 2d 1065, 1076 (N.D. Cal. 2002). “Because in-house counsel may operate in a purely or primarily business capacity in connection with many corporate endeavors, the presumption that attaches to communications with outside counsel does not extend to communications with in-house counsel.” However, tax advice provided by in-house counsel who had both legal and business role was privileged. “Determining the tax consequences of a particular transaction is rooted virtually entirely in the law. The advisor must analyze the tax code, IRS rulings, decisions of the Tax Court, etc. Communications offering tax advice or discussing tax planning or the tax consequences of alternate business strategies are ‘legal’ communications.”

United States v. Philip Morris Inc., 209 F.R.D. 13, 17 (D.D.C. 2002). Court allowed government to depose corporation’s in-house attorneys regarding non-privileged information relating to “public relations,” “corporate conduct and positions,” marketing strategies, and tobacco research and development. The court noted that “deponents are employees to whom Defendants have knowingly assigned substantial non-legal, non-litigation responsibilities, including corporate business, managerial, public relations, advertising, scientific, and research and development responsibilities. Testimony on these subjects . . . is not subject to attorney-client or work-product privilege protections.”

Ames v. Black Entm’t Television, No. 98 Civ. 0226, 1998 WL 812051, at *8 (S.D.N.Y. Nov. 18, 1998). In order to protect communications with in-house counsel, a company must meet the burden of “clearly showing” that in-house counsel “gave advice in her legal capacity, not in her capacity as a business advisor.”

United States v. Chevron Corp., No. C-94-1885, 1996 WL 264769, at *4 (N.D. Cal. Mar. 13, 1996). No presumption of privilege can be made with respect to documents generated by in-house counsel. “Some courts have applied a presumption that all communications to outside counsel are primarily related to legal advice. See Diversified Indus., Inc. v. Meredith, 572 F.2d 596, 610 (8th Cir. 1977). In this context, the presumption is logical since outside counsel would not ordinarily be involved in the business decisions of a corporation. However, the Diversified presumption cannot be applied to in-house counsel because in-house counsel are frequently involved in the business decisions of a company. While an attorney’s status as in-house counsel does not dilute the attorney-client privilege [citing Upjohn], a corporation must make a clear showing that in-house counsel’s advice was given in a professional legal capacity” (emphasis removed).


Kramer v. Raymond Corp., No. 90-5026, 1992 WL 122856, at *1 (E.D. Pa. May 29, 1992) (internal citation omitted). “[T]he attorney-client privilege is construed narrowly. This is especially so when a corporate entity seeks to invoke the privilege to protect communications to in-house counsel. Because in-house counsel may play a dual role of legal advisor and business advisor, the privilege will apply only if the communication in question was made for the express purpose of securing legal not business advice.”
Teltron, Inc. v. Alexander, 132 F.R.D. 394, 396 (E.D. Pa. 1990). Teltron asserted the attorney-client privilege during the deposition of Siegel, who had been at various times Teltron’s outside counsel, executive vice president and in-house counsel, and president. The court overruled assertions of privilege on the ground that Teltron had failed to meet its burden of proving that deposition questions sought legal advice rather than business advice on the ordinary business activities of the company. “As a general rule, an attorney who serves a client in a business capacity may not assert the attorney-client privilege because of the lack of a confidential relationship.” When a corporation seeks to protect communications made by an attorney who serves the corporation in a legal and business capacity, the corporation “must clearly demonstrate” that advice was given in a professional legal capacity. This is to prevent a corporation from shielding business transactions “simply by funneling their communications through a licensed attorney.”


But see:

Exxon Mobil Corp. v. Hill, 751 F.3d 379, 382 (5th Cir. 2014). Memorandum from an in-house attorney containing advice regarding the disclosure of certain data during contract negotiations was covered by the attorney-client privilege.

Boca Investerings P’ship v. United States, 31 F. Supp. 2d 9, 12 (D.D.C. 1998). A presumption exists “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 in a management or business division of the company.

Strategem Dev. Corp. v. Heron Int’l N.V., No. 90 Civ. 6328 (SWK), 1991 WL 274328, at *1-2 (S.D.N.Y. 1991). Tactical advice from outside counsel about terminating a contract is legal advice even if economic factors are considered, but that is not necessarily so in the case of in-house counsel: “This was not a situation where general counsel also served as a business executive exercising management as well as legal functions.”

Shell Oil Co. v. Par Four P’ship, 638 So.2d 1050 (Fla. Dist. Ct. App. 1994). Under Florida law, communications between corporate counsel and corporate employees on legal matters are presumptively privileged.

Lobbying activity by lawyers presents a particular challenge. See Lobbying, § IX.E, infra.

E. ASSERTING THE PRIVILEGE

1. Procedure For Asserting The Privilege

The proponent of the privilege must make a timely objection to the disclosure of a privileged communication. Failure to object may constitute a waiver of the privilege. See 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5507 (1st ed. West 2019).
See also:

Rowe v. Liberty Mut. Grp., Inc., 639 F. App’x 654, 656 (1st Cir. 2016). Defendant’s failure to provide detailed support for privilege assertions until reply brief for its motion for protective order was a factor in the court’s analysis and ultimate decision not to sustain the privilege designations; party had “waited too long” to provide the information.

Intellectual Ventures I LLC v. Capital One Fin. Corp., No. PWG-14-111, 2016 WL 5920904, at *2 (D. Md. Oct. 11, 2016). Discovery Guidelines for the U.S. District Court for the District of Maryland require that, where a requesting party objects to assertion of privilege, the producing party must “provide sufficient factual information, including by affidavit, to establish the factual basis for each claim of privilege,” and failure to do so results in waiver.

Reyes v. San Francisco Unified Sch. Dist., No. 11-cv-04628-YGR, 2012 WL 4343784, at *4 (N.D. Cal. Sept. 20, 2012). Failure to object to production of a privileged document constituted waiver of the privilege when the objection was not made in a timely fashion.

City of Rialto v. U.S. Dept. of Def., 492 F. Supp. 2d 1193, 1201-02 (C.D. Cal. 2007). When sole shareholder failed to assert attorney-client privilege on behalf of himself, but instead specifically invoked privilege only on behalf of the company, court held that shareholder’s failure to object to discovery orders constituted waiver of privilege as to himself.

Moloney v. United States, 204 F.R.D. 16, 18-19 (D. Mass. 2001). Though objections were made at deposition based on attorney-client privilege and work product protection, failure to object on basis of self-critical analysis and state law privileges waived objection on those grounds.


Baxter Travenol Labs., Inc. v. Abbott Labs., 117 F.R.D. 119, 120 (N.D. Ill. 1987). Failure to assert the privilege for several months when the party knew that inadvertently produced documents were in the hands of an opponent constituted waiver.

It is generally recognized that the privilege belongs to the client and that the client has the sole power to waive it. See In re Seagate Tech., L.L.C., 497 F.3d 1360, 1372 (Fed. Cir. 2007) (abrogated on other grounds); Douglas v. DynMcDermott Petroleum Operations, Co., 144 F.3d 364, 372 (5th Cir. 1998) (in-house counsel breached ethical duties by revealing client confidences during the course of an investigation into alleged Title VII violations). However, an attorney may assert the privilege on the client’s behalf. Haines v. Liggett Grp., Inc., 975 F.2d 81, 90 (3d Cir. 1992). But the attorney cannot assert the privilege against the client’s wishes. See Sandra T.E. v. S. Berwyn Sch. Dist., 100, 600 F.3d 612, 618 (7th Cir. 2010) (noting that “[t]he privilege belongs to the client, although an attorney may assert the privilege on the client’s behalf”); Evan Law Grp. LLC v. Taylor, No. 09 C 4896, 2011 WL 72715, at *6 (N.D. Ill. Jan. 6, 2011) (lawyer may not assert the privilege for self-serving interests; rather, he may only assert the privilege to benefit the client).

The party asserting the privilege bears the burden of establishing that a communication is privileged. In re Excel Innovations, Inc., 502 F.3d 1086, 1099 (9th Cir. 2007) (‘‘Ordinarily,
the party asserting attorney-client privilege has the burden of establishing all of the elements of the privilege.”); In re Grand Jury Subpoena, 415 F.3d 333, 338-39 (4th Cir. 2005) (“The burden is on the proponent of the attorney-client privilege to demonstrate its applicability.”); United States v. Bisanti, 414 F.3d 168, 170 (1st Cir. 2005) (same); United States v. BDO Seidman, 337 F.3d 802, 811 (7th Cir. 2003) (“The mere assertion of a privilege is not enough; instead, a party that seeks to invoke the attorney-client privilege has the burden of establishing all of its essential elements.”); von Bulow v. von Bulow, 811 F.2d 136, 144 (2d Cir. 1987) (same); United States v. Nat’l Ass’n of Realtors, 242 F.R.D. 491, 493-94 (N.D. Ill. 2007) (“The party claiming the privilege has the burden of proving all of its essential elements.”). Once the party asserting the existence of the privilege establishes a prima facie case that the privilege applies, the party seeking the production or other disclosure of the protected information bears the burden of establishing that an exception to the privilege applies. See, e.g., Mass. Eye & Ear Infirmary v. QLT Phototherapeutics, Inc., 412 F.3d 215, 225 (1st Cir. 2005). Inadmissible evidence may be considered by the court while determining whether the preliminary facts of the privilege have been demonstrated by the proponent of the privilege. FED. R. EVID. 104(a); see also United States v. Zolin, 491 U.S. 554, 566-67 (1989) (allowing court to look at potentially privileged and therefore inadmissible documents to determine if privilege exists).

Blanket objections are not sufficient. See Holifield v. United States, 909 F.2d 201, 204 (7th Cir. 1990) (blanket objection that the documents requested by the government in a subpoena were protected by the attorney-client privilege did not invoke the privilege); Med. Assurance Co., Inc. v. Miller, No. 4:08-cv-29, 2010 WL 2710607, at *4 (N.D. Ind. July 7, 2010) (privilege “must be made and sustained on a question-by-question or document-by-document basis”); Navigant Consulting, Inc. v. Wilkinson, 220 F.R.D. 467, 473 (N.D. Tex. 2004) (blanket objection did not invoke the privilege); 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5507 (1st ed. West 2019). For example, in Eureka Financial Corp. v. Hartford Accident & Indemnity Co., 136 F.R.D. 179, 186 (E.D. Cal. 1991), the court found that the defendant’s blanket objection to the discovery of privileged communications warranted sanctions against the defendant’s counsel. Similarly, in In re Air Crash at Taipei, Taiwan on October 31, 2000, 211 F.R.D. 374, 376 n.2 (C.D. Cal. 2002), the court determined that, notwithstanding its blanket assertion of privilege, defendant airline waived its ability to assert the privilege by failing to produce a privilege log.

Mere conclusory assertions or vague representations of facts that are the basis for the privilege claim are also insufficient to meet the burden of establishing the attorney-client privilege. See United States v. Constr. Prods. Research, Inc., 73 F.3d 464, 473-74 (2d Cir. 1996) (if a party invoking a privilege does not provide sufficient detail – through privilege log, affidavit or deposition testimony – to demonstrate fulfillment of all of the legal requirements for application of the privilege, the claim will be rejected); PYR Energy Corp. v. Samson Res. Co., No. 1:05-CV-530, 2007 WL 446025, at *1-2 (E.D. Tex. Feb. 7, 2007) (holding that party waived attorney-client privilege as to some documents where privilege log’s descriptions were “so vague and oblique as to be meaningless”); Rosario v. Copacabana Night Club, Inc., No. 97 Civ. 2052, 1998 WL 273110, at *11 (S.D.N.Y. May 28, 1998) (plaintiff did not effectively assert the privilege by vaguely representing to the court that an attorney-client relationship may have existed at the time the communications in question were made); CSC Recovery Corp. v. Daido Steel Co., No. 94 Civ. 9214, 1997 WL 661122, at *2 (S.D.N.Y. Oct. 22, 1997) (conclusory allegations that elements of privilege are met is insufficient to invoke the
privilege). But see United States v. British Am. Tobacco (Invs.) Ltd., 387 F.3d 884, 891-92 (D.C. Cir. 2004) (general objection as to the scope of a document request did not justify a sanction of privilege waiver where the party asserting the privilege failed to initially log a document as privileged but believed it to be within the objection to the scope of the request).

a. Privilege Logs

The use of privilege logs and affidavits of the authors and recipients of the documents containing privileged communications are common ways in which the privilege is invoked. See Carnes v. Crete Carrier Corp., 244 F.R.D. 694, 698 (N.D. Ga. 2007) (“The party asserting the attorney-client privilege . . . bears the burden to provide a factual basis for its assertions. This burden is met when the party produces a detailed privilege log . . . [and] an accompanying explanatory affidavit from counsel.”); CSC Recovery Corp. v. Daido Steel Co., No. 94 Civ. 9214, 1997 WL 661122, at *11 (S.D.N.Y. Oct. 27, 1997) ( privilege logs and affidavits were sufficient to assert the privilege). Some courts require that a privilege log contain basic information about each separate communication over which a party asserts a privilege. See, e.g., Allendale Mut. Ins. Co. v. Bull Data Sys., Inc., 145 F.R.D. 84, 88 (N.D. Ill. 1992).

The Federal Rules of Civil Procedure provide only general guidance on the contents of a privilege log:

[A party must] describe the nature of the documents, communications, or tangible things not produced or disclosed--and do so in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the claim.

FED. R. CIV. P. 26(b)(5)(A)(ii); see also Wolk v. Green, No. C06-5025 BZ, 2007 WL 3203050, at *1-2 (N.D. Cal. 2007) (“[Federal] Rule 26(b)(5) is commonly satisfied by filing a privilege log. Blanket refusals or boilerplate objections are insufficient to assert the privilege . . . .”).

The 1993 Advisory Committee Note that accompanied what is now Rule 26(b)(5)(A) declined to specify exactly what information needs to be provided in a privilege log: “The rule does not attempt to define for each case what information must be provided when a party asserts a claim of privilege or work product protection.” However, the Advisory Committee suggested that document-by-document privilege logs may be unduly burdensome where large numbers of documents are withheld:

Details concerning time, persons, general subject matter, etc., may be appropriate if only a few items are withheld, but may be unduly burdensome when voluminous documents are claimed to be privileged or protected, particularly if the items can be described by categories.

In general, the description should be sufficient “to permit the adversary to make an intelligent assessment as to the applicability of a privilege.” SEC v. Beacon Hill Asset Mgmt. LLC, 231 F.R.D. 134, 145 (S.D.N.Y. 2004).

The case law reflects differing views about the detail to be included on a privilege log.
Compare:


**Perez v. Mueller, No. 13-CV-1302-PP, 2016 WL 5372811, at *3 (E.D. Wis. Sept. 26, 2016).** Court found that the plaintiff’s invocation of various privileges – “attorney-client, work product, and government/executive, among others” – was improper where plaintiff made blanket claims of privilege, describing hundreds of pages of emails as containing “thoughts and opinions of the agency in preparation of litigation” and “content of attorney-client conversation.” Court noted that the assertions made it “impossible to evaluate the claims of privilege because there is no way of knowing how many emails are included within those pages, much less the nature of each separate communication.”

**Wanzer v. Town of Plainville, No. 3:15CV00016 (AWT), 2016 WL 1258456, at *3 (D. Conn. Mar. 30, 2016).** Defendants’ privilege log did not provide sufficient information to determine whether withheld emails were indeed communications between client and counsel for the purpose of soliciting or rendering legal advice where defendants did not provide any information regarding the contents of the emails.

**PYR Energy Corp. v. Samson Res. Co., No. 1:05-CV-530, 2007 WL 446025, at *1-2 (E.D. Tex. Feb. 7, 2007).** Privilege log that was two weeks late and incomplete as to who received or created documents was insufficient and basis for sanctions.

**St. Joe Co. v. Liberty Mut. Ins. Co., No. 3:05-cv-1266-J-25MCR, 2006 WL 3391208, at *5-6 (M.D. Fla. Nov. 22, 2006).** Defendant’s privilege log of withheld communications between counsel and defendant’s employees was inadequate to protect privilege where log failed to specify or allege that the communications had not been disclosed to those beyond corporate control group, provide adequate subject matter descriptions, and identify positions or authors and recipients of some of the documents. However, court allowed defendants to amend log with affidavits, deposition testimony, or other evidence necessary to establish the elements of the attorney-client privilege over the documents.


**In re Gen. Instrument Corp. Sec. Litig., 190 F.R.D. 527, 532 (N.D. Ill. 2002).** “Case law, and Fed. R. Civ. P. 26(b)(5) should have made it clear to defendant, at some point over the last three years, that its privilege log was woefully deficient. When the plaintiff pointed out obvious flaws in the log, however, the defendant stridently refused to provide required information. It is apparent from review of the privilege log that defendants are under the mistaken impression either that plaintiffs must prove documents are not privileged, or that it is the court’s burden to establish the applicability of the privilege as to defendant’s documents.”

**Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc., No. 95 Civ. 8833, 1998 WL 474206, at *2 (S.D.N.Y. Aug. 12, 1998).** “The Court . . . deplores the presentation of a privilege log arranged neither chronologically nor by subject matter, suggesting that the discovery documents, or the log, may have been arranged as a litigation tactic to inconvenience opposing counsel, which, in this case, has the added result of making the Court’s review more difficult and more time-consuming.”
Torres v. Kuzniacz, 936 F. Supp. 1201, 1208 (D.N.J. 1996). Party claiming privilege must specify the date of the documents, the author, the intended recipient, the names of all people given copies of the document, the subject of the document, and the privilege or privileges asserted.

Bowne of N.Y.C., Inc. v. AmBase Corp., 150 F.R.D. 465, 474-75 (S.D.N.Y. 1993). Typically, a log will identify the parties to the withheld communication and “sufficient detail to permit a judgment as to whether the document is at least potentially protected from disclosure.” The Bowne court recognized that additional required information (such as the relationship of the listed parties to the litigation, the preservation of confidentiality, and the reason for disclosure to a party) will typically be supplied by affidavit or deposition. The court concluded that a log which listed, for each document, the date, author, address, other recipients, the type of document (i.e., memo or letter), the type of protection claimed, and a very skeletal description of the subjects was insufficient.

Allendale Mut. Ins. Co. v. Bull Data Sys., Inc., 145 F.R.D. 84, 88 (N.D. Ill. 1992). “For each document, the log should identify the date, the author and all recipients, along with their capacities. The log should also describe the document’s subject matter, purpose for its production, and a specific explanation of why the document is privileged or immune from discovery. These categories, especially this last category, must be sufficiently detailed to allow the court to determine whether the discovery opponent has discharged its burden . . . Accordingly, descriptions such as ‘letter re claim,’ ‘analysis of claim’ or ‘report in anticipation of litigation’ – with which we have grown all too familiar – will be insufficient. This may be burdensome, but it will provide a more accurate evaluation of a discovery opponent’s claims and takes into consideration the fact that there are no presumptions operating in the discovery opponent’s favor.”

With:


Trs. of the Elec. Workers Local No. 26 Pension Trust Fund v. Trust Fund Advisors, Inc., 266 F.R.D. 1, 9 n.8 (D.D.C. 2010). The court distinguished the current case from Beacon Hill Asset Management and refused to order the production of privileged documents. Inaccuracies or inadequacies in the privilege log alone were not enough to waive the privilege, especially when the mistakes were not due to unjustified delay, inexcusable conduct, or bad faith.

In re Motor Fuel Temperature Sales Practices Litig., No. 07-MD-1840, 2009 WL 959491, at *3 (D. Kan. Apr. 3, 2009). Court denied defendant’s motion for a protective order to relieve defendant of obligation of reviewing and logging communications with counsel occurring after the commencement of the litigation. However, in order to minimize the burden of creating a detailed privilege log of those communications, pursuant to the advisory committee’s note to Federal Rule of Civil Procedure 26, the court ordered that defendant could log the documents “categorically” and not document by document.

Muro v. Target Corp., 250 F.R.D. 350, 362-63 (N.D. Ill. 2007). Rule 26(b)(5)(A) does not require logging each email in an email string individually. The rule “requires only that a party provide sufficient information for an opposing party to evaluate the applicability of privilege, ‘without revealing information itself privileged.’”

United States v. Magnesium Corp. of Am., No. 2:01-CV-00040, 2006 WL 1699608, at *5 (D. Utah June 14, 2006). Detailed privileged log was not necessary when the documents to be logged would number in the thousands and when “it seem[ed] clear that most of the documents at issue would be protected from disclosure by the work product privilege, the attorney-client privilege, or the joint defense privilege.”
A.I.A. Holdings, S.A. v. Lehman Bros., Inc., No. 97 Civ. 4978(LMM)(HB), 2002 WL 31385824, at *4-6 (S.D.N.Y. Oct. 21, 2002). Criticizing view in Bowne, above, requiring the party asserting the privilege to offer evidence sufficient to establish the privilege as to each item listed on log. Rather, assertion of privilege can be supplemented as to challenged documents only.

In re Papst Licensing, GmbH Patent Litig., No. Civ. A. MDL 1298, 2001 WL 1135268, at *2 (E.D. La. Sept. 19, 2001). Observing that, ordinarily, privilege logs require detailed disclosure, but noting that courts may allow departures from that requirement and concluding that, because listed communications between attorney and client were within core of the privilege, detailed descriptions would be unnecessary.

An increasing number of courts allow parties to log by category or use alternate methods instead of logging on a document-by-document basis.

See:

City of New York v. FedEx Ground Package Sys., Inc., No. 13 Civ. 9173 (ER), 2016 WL 1718261, at *5 (S.D.N.Y. Apr. 27, 2016). Court ordered plaintiff to provide defendant with a privilege log that did not log document by document, but instead identified documents by category in a way that provided sufficient detail to enable defendant to evaluate and challenge the City’s privilege claims, noting that categorical logs are designed to mitigate the burden of responding to discovery requests.


Auto Club of New York v. Port Authority of New York and New Jersey, No. 11 Civ. 6746 (RKE)(HBP), 2014 WL 2518959, at *1-2, *5, *7 (S.D.N.Y. June 4, 2014). Court noted that the purpose of categorical privilege logs is to reduce the potential burden imposed by document-by-document privilege logging in cases involving high volumes of privileged material, and that categorical logs are permitted by federal and local rules. Court held that defendant’s amended categorical privilege log was sufficient.


Games2U, Inc. v. Game Truck Licensing, LLC, No. 13-00053, 2013 WL 4046655, at *7 (D. Ariz. Aug. 9, 2013). A privilege log that included descriptions of withheld documents by category rather than document-by-document was sufficient as long as the log provided sufficient information to the court and the opposing party to evaluate the propriety of the assertions of privilege.

Goldstein v. FDIC, 494 B.R. 82, 88, 92 (D.D.C. 2013). In lieu of a detailed privilege log, the court suggested that the parties negotiate a FRE 502(d) protective order that would enable requesting party to review documentation without waiving privilege.


Phillips v. C.R. Bard, Inc., 290 F.R.D. 615, 636-38 (D. Nev. 2013). A categorical privilege log was sufficient where there is a large volume of documents and a party provides a privilege log with sufficient details.


Vasudevan Software, Inc. v. Microstrategy, Inc., No. 11-cv-06637-RS-PSG, 2012 WL 5637611, at *7 (N.D. Cal. Nov. 15, 2012). “[Defendant’s] request for item-by-item logs is also unreasonable. [Plaintiff] may provide categorical logs, essentially grouping documents by type and indicating how each of those categories is privileged.”

Graff v. Haverhill North Coke Co., No. 1:09-CV-670, 2012 WL 5495514, at *50 (S.D. Ohio Nov. 15, 2012). A categorical privilege log was sufficient because it provided enough detail to “permit a determination as to whether a document is potentially protected by defendants’ various asserted privileges.”

GenOn Mid-Atl., LLC v. Stone & Webster, Inc., No. 11 Civ. 1299 (HB)(FM), 2011 WL 5439046, at *11 (S.D.N.Y. Nov. 10, 2011). A categorical privilege log was sufficient. The court observed that there was no apparent benefit to plaintiff of logging each document separately.


Durkin v. Shields (In re Imperial Corp. of Am.), 174 F.R.D. 475, 478-79 (S.D. Cal. 1997). Plaintiffs were not required to produce a document-by-document privilege log but could instead prepare a privilege log on a categorical basis when the litigation involved approximately 50 parties, 20 law firms, and at least hundreds of thousands of documents. The court noted that “[t]o force the creation of a document-by-document privilege log of documents of that magnitude is unreasonable and overly burdensome.”

SEC v. Thrasher, No. 92 Civ. 6987 1996 WL 125661, at *1-2 (S.D.N.Y. Mar. 20, 1996). Finding that defendant was not obligated to provide a detailed privilege log for his communications with counsel after noting that a document-by-document listing would be unduly burdensome and that the documents sought were likely protected by the work product or attorney-client privilege.
But see: 


_Nationwide Mut. Fire Ins. Co. v. Keet, Inc._, No. 6:14-cv-749-Orl-41TBS, 2015 WL 1470971, at *8-*9 (M.D. Fla. Mar. 31, 2015). Due to insufficiency of plaintiff’s categorical privilege log, plaintiff waived privilege with respect to internal correspondence and was required to submit an itemized privilege log for correspondence with outside counsel.

_S.E.C. v. Yorkville Advisors, LLC_, 300 F.R.D. 152, 162-68 (S.D.N.Y. 2014). Court ordered S.E.C. to produce documents listed on its categorical privilege log where descriptions were inadequately detailed and where S.E.C.’s revised log was untimely.

In 2014, the New York Commercial Division adopted Rule 11-b in order to reduce the time and cost associated with preparing privilege logs. 22 N.Y.C.R.R. § 202.70(g), Rule 11-b. Rule 11-g provides that it is the “preference” in the Commercial Division for parties to log documents by category rather than document-by-document. Rule 11-b(b)(1). Rule 11-b provides that parties are to meet and confer and where possible agree to use a categorical approach. Where a requesting party refuses to permit a categorical approach, and instead insists on document-by-document logging, the producing party, upon a showing of good cause, may apply to the court to shift costs incurred by the producing party to prepare the log, including attorneys’ fees. Rule 11-b(b)(2).

The Local Rules of the United States District Courts for the Southern and Eastern Districts of New York (effective June 26, 2017), encourage parties to cooperate in developing more efficient ways to provide information about withheld documents without the need for a traditional privilege log. Local Civil Rule 26.2(c) provides:

(c) Efficient means of providing information regarding claims of privilege are encouraged, and parties are encouraged to agree upon measures that further this end. For example, when asserting privilege on the same basis with respect to multiple documents, it is presumptively proper to provide the information required by this rule by group or category. A party receiving a privilege log that groups documents or otherwise departs from a document-by-document or communication-by-communication listing may not object solely on that basis, but may object if the substantive information required by this rule has not been provided in a comprehensible form.

Where parties log document-by-document, failure to provide sufficient detail in privilege logs may have severe consequences, including waiver of the privilege. For example, in _In re General Instrument Corp. Securities Litigation_, 190 F.R.D. 527, 532 (N.D. Ill. 2000), the court ordered defendant to produce 396 documents that defendant claimed were privileged. The court’s decision to compel the production of those documents was based on the fact that defendant’s privilege log contained “sketchy, cryptic, often mysterious descriptions of subject matter” that were insufficient to fulfill the defendant’s burden of establishing the elements of the privilege for each document. _Id._ at 531-32; _see also_ McNamee v. Clemens, No. 1:09-cv-01647-SJ-CLP, 2013 WL 6572899, at *2 (E.D.N.Y. Sept. 18, 2013) (holding privilege was
waived due to an insufficient privilege log which failed to sufficiently describe the bases for asserted privileges and protections); Nordock Inc. v. Sys. Inc., No. 11-C-118, 2012 WL 4760784, at *7 (E.D. Wis. Oct. 5, 2012) (where the court held that a party’s failure to timely log counsel’s opinion letters waived otherwise applicable privileges); Acosta v. Target Corp., 281 F.R.D. 314, 323-25 (N.D. Ill. 2012) (ordering the production of certain documents listed on privilege log where defendant had failed to provide supporting factual material showing the documents were created and maintained as confidential legal advice); Viet. Veterans of Am. v. CIA, No. 09-cv-0037 CW (JSC), 2012 WL 1156398, at *2-4 (N.D. Cal. Apr. 6, 2012) (holding that Department of Veterans Affairs had waived privilege over documents after lengthy and unexplained delay in producing privilege log); In re Chevron Corp., 749 F. Supp. 2d 170, 180-85 (S.D.N.Y. 2010) (an attorney’s failure to provide a privilege log prior to the return date of a subpoena, an intentional strategic delay, resulted in waiver of any privilege because, while FRCP 26(b)(5) does not explicitly state when a privilege log must be provided, FRCP 45, which applies to subpoenas, requires that a person objecting to a subpoena must serve either written objections or move to quash within the earlier of the time fixed for compliance or fourteen days after service and, if withholding subpoenaed material on grounds of privilege, provide a privilege log); Felham Enters. (Cayman) Ltd. v. Certain Underwriters at Lloyds, No. Civ. A. 02-3588 C/W 0, 2004 WL 2360159, at *3 (E.D. La. Oct. 19, 2004) (finding a waiver where defendant failed to produce a timely privilege log and the log it ultimately produced failed to sufficiently describe withheld documents); B.F.G. of Ill., Inc. v. Ameritech Corp., No. 99 C 4604, 2001 WL 1414468, at *2, 5-8 (N.D. Ill. Nov. 13, 2001) (court ordered hundreds of documents produced and imposed sanctions where party failed to provide adequate privilege log and, based on in camera review, improperly asserted privilege); ConAgra, Inc. v. Arkwright Mut. Ins. Co., 32 F. Supp. 2d 1015, 1018 (N.D. Ill. 1999) (directing defendant to produce 54 documents withheld and 10 additional documents initially produced in redacted form because defendant failed to include sufficient descriptions of the documents in its privilege log to establish the privilege).

A party is required to claim privilege for documents withheld in a timely manner. See In re DG Acquisition Corp., 151 F.3d 75, 81 (2d Cir. 1998) (party responding to subpoena must assert privilege within 14 days); Marx v. Kelly, Hart & Hallman, P.C., 929 F.2d 8, 12 (1st Cir. 1991) (noting that Rule 34(b) requires responses, including privilege objections, to discovery requests to be made within 30 days and stating that the “burden is on the party asserting a privilege to do so in a timely and proper manner”); Horace Mann Ins. Co. v. Nationwide Mut. Ins. Co., 240 F.R.D. 44, 48 (D. Conn. 2007) (party objecting to a subpoena must assert privilege within 14 days, then submit privilege log within “reasonable time”; four-month delay in submitting log was not reasonable). While some courts will permit parties to submit privilege logs sometimes months after documents are produced, leaving it to the parties to work out the when the logs should be exchanged, other courts may demand that the logs be disclosed at the time of the initial production or shortly thereafter. See First Savs. Bank, F.S.B. v. First Bank Sys., Inc., 902 F. Supp. 1356, 1360 (D. Kan. 1995), rev’d on other grounds, 101 F.3d 645 (10th Cir. 1996) (“[Rule 26] contemplates that the required notice and information is due upon a party withholding the claimed privileged material. Consequently . . . the producing party must provide the [privilege log] at the time it is otherwise required to produce the documents.”).
Although failure to list documents on a privilege log may result in waiver of the privilege, such waiver is not necessarily automatic, at least where the document at issue is subject to another pending objection. In United States v. Philip Morris Inc., 347 F.3d 951, 954 (D.C. Cir. 2003), the government moved to compel production of a document not listed on the defendant’s privilege log. The lower court held that, notwithstanding any other applicable objections made by the defendant, the defendant waived the privilege. The D.C. Circuit reversed, holding that it was error not to consider the defendant’s objections to production (other than those based on the attorney-client privilege) prior to finding a waiver. Id. The appellate court held that “if a broad discovery request includes an allegedly privileged document, and if there is an objection to the scope of the request, the court should first decide whether the objection covers the document.” Id. Thus, the court held that only after an objection (other than one based on privilege) is resolved must a party list documents falling within the objection (assuming the objection is allowed). Id. In a subsequent proceeding, United States v. British American Tobacco (Investments) Ltd., 387 F.3d 884, 891-92 (D.C. Cir. 2004), the D.C. Circuit again reviewed the defendant’s objections and failure to log the responsive document. Although the court concluded that none of the defendant’s objections applied, it nonetheless again reversed the lower court and held that, because the defendant had a reasonable belief that its objection applied, waiver of the attorney-client privilege was an excessive sanction. Id. It directed the lower court to allow the defendant to log the document at issue and further allow the government to challenge the defendant’s assertion of privilege. Id. at 892. Cf. Monco v. Zoltek Corp., 317 F. Supp. 3d 995, 1000 (N.D. Ill. 2018) (where party withholds document “surreptitiously” and fails to include it on a privilege log, “a court should have no qualms” about finding waiver as to that document).

Describing emails and other electronically stored information (“ESI”) on a privilege log presents particular challenges. In Rhoads Industries, Inc. v. Building Materials Corp. of America, 254 F.R.D. 238 (E.D. Pa. 2008), the court provided guidance on how to log emails on a privilege log in a manner that meets the requirements of Federal Rule of Civil Procedure 26(b)(5). The court explained that an email “string” or “chain” is actually comprised of several different individual communications. Id. at 240. A relatively simple example would be an initial email between a third party vendor and a company employee (“initial email”), that is forwarded to the company’s CEO (“email string #1”), which the CEO then forwards to outside counsel seeking legal advice (“email string #2”). Id. at 240-41. The question is, how should these emails be presented on a privilege log? The court in Rhoads explained that a separate privilege determination must be made for each of the three communications. The court explained that the entirety of “string #2” could be privileged, analogizing it to a situation in which a client sends a letter to counsel seeking legal advice in which the client quotes an earlier conversation or document verbatim. Id. at 241-42. The court’s ruling regarding how to log emails was less than clear. Where a party has produced the initial email and string #1, the court apparently would not require the log description for string #2 to list those underlying emails. However, if a party claims that the initial email and string #1 become privileged because they were sent to counsel, then each must be logged. Id. See also Muro v. Target Corp., 250 F.R.D. 350, 363 (N.D. Ill. 2007) (log need not separately itemize each individual email in an email string); United States v. ChevronTexaco Corp., 241 F. Supp. 2d 1065, 1074 (N.D. Cal. 2002) (holding that email chains should be logged as a single entry because “[a]ddressing each e-mail separately does not accurately reflect what was communicated with that e-mail because each (chronologically) successive e-mail apparently
attached those that preceded it"). But see In re Universal Serv. Fund Tel. Billing Practices Litig., 232 F.R.D. 669, 674 (D. Kan. 2005) (“[T]he court strongly encourages counsel, in the preparation of future privilege logs, to list each email within a strand as a separate entry. Otherwise, the client may suffer a waiver of attorney-client privilege or work product protection . . . .”); St. Andrews Park, Inc. v. U.S. Dep’t of Army Corps of Eng’rs, 299 F. Supp. 2d 1264, 1271-72 (S.D. Fla. 2003) (holding that the government’s privilege log, which did not individually list emails in email chains, identify the author and recipient and their roles for each email, and identify any non-privileged portions of the emails, was insufficient).

A second challenge presented by logging ESI is how to adequately disclose attachments to emails. In SEC v. Beacon Hill Asset Management L.L.C., 231 F.R.D. 134, 145-46 (S.D.N.Y. 2004), the court found that defendant waived privilege with respect to attachments to privileged emails where the defendant did not satisfy its burden of demonstrating that each attachment was privileged.


There are several practical recommendations that can be drawn from this section. First, it is important to determine what, if any, local rules or rules specific to a particular court may apply to privilege logs. Second, reaching an agreement among the parties at an early stage of litigation regarding how to log documents, including ESI, may prevent disputes later regarding the adequacy of the parties’ privilege logs. Third, to the extent that the parties agree to a privilege log protocol, they should seek the court’s approval and assistance by incorporating the protocol into a court order, such as a Rule 16 scheduling order or a protective order.
b. **Electronic Mail And Other Electronic Data: Cost Shifting**

As anyone who has litigated a complex case knows, one of the largest cost drivers is the cost associated with producing ESI, and reviewing it for privilege. *See, e.g., Zubulake v. UBS Warburg L.L.C., 217 F.R.D. 309, 317-20 (S.D.N.Y. 2003); Rowe Entm’t, Inc. v. William Morris Agency, Inc., 205 F.R.D. 421, 429 (S.D.N.Y. 2002); see also Manual for Complex Litigation § 11.446 (4th ed. 2011).* ESI is only the latest form of discovery, which has exacerbated the excessive cost of litigation, threatening to price litigants out of court. *See Mancia v. Mayflower Textile Servs. Co., 253 F.R.D. 354, 359 (D. Md. 2008) (“Although the civil justice system is not broken, it is in serious need of repair. The survey shows that the system is not working; it takes too long and costs too much. Deserving cases are not being brought because the cost of pursuing them fails a rational cost-benefit test, while meritless cases, especially smaller cases, are being settled rather than being tried because it costs too much to litigate them.”) (citing Am. Coll. of Trial Lawyers & Inst. for the Advancement of the Am. Legal Sys., *Interim Report on the Joint Project of the American College of Trial Lawyers Task Force on Discovery and the Institute for the Advancement of the American Legal System 3 (2008)*); Gregory P. Joseph, *Trial Balloon: Federal Litigation—Where Did It Go Off Track?*, 34 LITIG. 5, 6, 62 (2008) (observing that discovery costs, particularly related to ESI discovery, is partly responsible for making federal litigation “procedurally more complex, risky to prosecute, and very expensive,” causing litigants to avoid litigating in federal court); The Sedona Conference, *The Sedona Conference Cooperation Proclamation 1 (2008)*, available at https://thesedonaconference.org/sites/default/files/publications/The%2520Sedona%2520Conference%2520Cooperation%2520Proclamation_1.pdf (accessed May 11, 2019) (“The costs associated with adversarial conduct in pre-trial discovery have become a serious burden to the American judicial system. This burden rises significantly in discovery of electronically stored information (‘ESI’). In addition to rising monetary costs, courts have seen escalating motion practice, overreaching, obstruction, and extensive, but unproductive discovery disputes – in some cases precluding adjudication on the merits altogether . . . .”).* See also *Fed. R. Civ. P. 26(b)(5) (2006 amendments)* advisory committee’s notes (“The Committee has repeatedly been advised that the risk of privilege waiver, and the work necessary to avoid it, can increase substantially because of the volume of electronically stored information.”).

Historically, the Federal Rules generally placed the burden of paying for compliance with a discovery request on the respondent, and early courts were not sympathetic to the beleaguered keeper of electronic records. *See In re Brand Name Prescription Drugs Antitrust Litig., Nos. 94 C 897, MDL 997, 1995 WL 360526, at *2 (N.D. Ill. June 15, 1995); Daewoo Elecs. Co. v. United States, 650 F. Supp. 1003, 1006 (Ct. Int’l Trade 1986) (“The normal and reasonable translation of electronic data into a form usable by the discovering party should be the ordinary and foreseeable burden of a respondent in the absence of a showing of extraordinary hardship.”).*

However, prior to 2006, some courts were willing to shift the substantial burden, at least partially, to the party seeking electronic discovery. For example, the court in *Rowe* set forth a multi-factor balancing test for determining when cost-shifting is appropriate:

1. the specificity of the discovery requests;
2. the likelihood of discovering critical information;
3. the availability of such information from other sources;
(4) the purposes for which the responding party maintains the requested data; (5) the relative benefit to the parties of obtaining the information; (6) the total cost associated with production; (7) the relative ability of each party to control costs and its incentive to do so; and (8) the resources available to each party.

Rowe, 205 F.R.D. at 429. Subsequently, in Zubulake v. UBS Warburg LLC, 217 F.R.D. 309, 322 (S.D.N.Y. 2003), the court set forth a similar test for cost-shifting. This test includes an analysis of:

(1) the extent to which the request is specifically tailored to discover relevant information; (2) the availability of such information from other sources; (3) the total cost of production, compared to the amount in controversy; (4) the total cost of production, compared to the resources available to each party; (5) the relative ability of each party to control costs and its incentive to do so; (6) the importance of the issues at stake in the litigation; and (7) the relative benefits to the parties of obtaining the information.

The Zubulake court modified the Rowe test to account for the requirement in Rule 26 that courts look to the “amount in controversy or the importance of the issues at stake in the litigation” in requiring production. Id. at 321; see also Hagemeyer N. Am., Inc. v. Gateway Data Scis. Corp., 222 F.R.D. 594, 602-03 (E.D. Wis. 2004) (adopting the Zubulake test).

The Federal Rules of Civil Procedure were amended, first in 2006 and then in 2015, to explicitly address common issues associated with discovery. See FED. R. CIV. P. 16, 26, 34, 37 (2006 & 2015 amendments) advisory committee’s notes. The 2006 Amendments to the Federal Rules and Federal Rule of Evidence 502, enacted in 2008, resulted from an effort started in 2000 to implement rules that enable litigants to rein in the cost of discovery, generally, and electronic discovery, specifically. The 2015 Amendments to the Federal Rules of Civil Procedure, effective December 1, 2015, built upon the 2006 Amendments and made further, significant changes designed to streamline litigation and reduce discovery costs by focusing on the “proportionality” of discovery. Rule 1, effective December 1, 2015, sets the tone by instructing the parties and the court that the Federal Rules should be “construed, administered, and employed . . . to secure the just, speedy, and inexpensive determination of every action and proceeding.” FED. R. CIV. P. 1.

Rule 26 was significantly revised to return the focus of discovery to documents and information relevant to the merits of the parties’ claims and defenses. The 2015 Amendments removed language from Rule 26 that ostensibly allowed the discovery of any relevant information so long as “the discovery appear[ed] reasonably calculated to lead to the discovery of admissible evidence.” As amended, Rule 26 provides that information is discoverable if it is both relevant and proportional to the needs of the case:

Parties may obtain discovery regarding any nonprivileged matter that is relevant to any party’s claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties’ relative access to relevant information, the parties’
resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit. Information within this scope of discovery need not be admissible in evidence to be discoverable.

FED. R. CIV. P. 26(b)(1) (amended Dec. 1, 2015). Many of the proportionality considerations in Rule 26(b)(1) were previously listed in Rule 26(b)(2)(C)(iii), although the 2015 Amendments added a new consideration—i.e., “the parties’ relative access to relevant information”—and relocated them so as to require the parties to consider them in defining the scope of discovery. This emphasis on proportionality is reflected in Rules 30, 31, and 33, which reference Rule 26(b)(1). See FED. R. CIV. P. 30, 31, 33 (2015 amendments) advisory committee’s notes.

The Federal Rules acknowledge that parties “may begin discovery without a full appreciation of the factors that bear on proportionality.” See FED. R. CIV. P. 26 (2015 amendments) advisory committee’s notes. The parties’ Rule 26(f) conference and scheduling and pretrial conferences with the court are intended to address this. See id. Rule 26(f) requires parties to meet and confer to discuss “any issues about preserving discoverable information” and to “develop a proposed discovery plan.” FED. R. CIV. P. 26(f)(2). The parties’ discovery plan must state the parties’ views and proposals on “any issues about disclosure, discovery, or preservation of electronically stored information, including the form or forms in which it should be produced” and “any issues about claims of privilege or of protection as trial-preparation materials, including . . . whether to ask the court to include their agreement in an order under Federal Rule of Evidence 502.” FED. R. CIV. P. 26(f)(3)(C)-(D) (amended Dec. 1, 2015).

The Federal Rules also address the actual production of ESI and the failure to preserve ESI. First, Rule 26 creates a two-tiered system for the production of information: the producing party must produce ESI that is “reasonably accessible,” but it “need not provide discovery of electronically stored information from sources that the party identifies as not reasonably accessible because of undue burden or cost.” See FED. R. CIV. P. 26(b)(2)(B) (as amended Dec. 1, 2006). A party seeking ESI that is “not reasonably accessible” may still be able to obtain the production of the information upon a showing of “good cause.” See id. “The definition of ‘undue burden’ is an issue of local substantive law,” so cases like Rowe and Zubulake may still be relevant under the amendments. See Joseph Gallagher, E-Ethics: The Ethical Dimension of the Electronic Discovery Amendments to the Federal Rules of Civil Procedure, 20 GEO. J. LEGAL ETHICS 613, 619 (2007). As amended in 2015, the Federal Rules explicitly allow courts to shift the costs of discovery by entering protective orders that allocate the expenses of disclosure or discovery among the parties. See FED. R. CIV. P. 26(c)(1)(B) (2015 amendments) advisory committee’s notes.

Second, the Federal Rules set forth the requirements that must be satisfied before a court may award sanctions for failure to preserve ESI. Rule 37, as amended in 2015, removes language prohibiting courts from imposing sanctions for the loss of ESI “as a result of the routine, good-faith operation of an electronic information system” and instead ties the availability of sanctions to the reasonableness of a party’s efforts to preserve ESI for use in litigation. Rule 37 provides that a court may award sanctions only if ESI that “should have
been preserved in the anticipation or conduct of litigation is lost because a party failed to take reasonable steps to preserve it, and it cannot be restored or replaced through additional discovery.”  FED. R. CIV. P. 37(e). If the court finds that the information was of such importance to the litigation that its loss resulted in prejudice to another party, it may, in its discretion, order measures necessary to cure the prejudice.  FED. R. CIV. P. 37(e)(1). In the event the court finds that a party acted with the “intent to deprive” another party of the information, it may impose more severe sanctions, such as presuming (or instructing the jury it may presume) that the information lost was unfavorable to the producing party, or dismissing the action or entering a default judgment.  FED. R. CIV. P. 37(e)(2).

With respect to dealing with the costs of privilege reviews of ESI (as opposed to the costs of production or the consequences from failing to preserve ESI), the Federal Rules “allow the parties to define their own processes for dealing with privilege issues . . . .” Id. at 622 (2007) (citing JUDICIAL CONFERENCE COMMITTEE OF THE UNITED STATES, REPORT OF THE JUDICIAL CONFERENCE COMMITTEE ON RULES OF PRACTICE AND PROCEDURE 23, at C-54 (2005)). Rule 16 permits parties to include agreements regarding “disclosure, discovery, and preservation of electronically stored information” and privilege waiver agreements, “including agreements reached under Federal Rule of Evidence 502” as part of their scheduling orders. See FED. R. CIV. P. 16(b)(3)(B) (as amended Dec. 1, 2015). Under Rule 16, parties and judges may be able to implement “clawback” agreements, “quick-peek” agreements, and a variety of other creative methods to address privilege issues. See Kindall C. James, Electronic Discovery: Substantially Increasing the Risk of Inadvertent Disclosure and the Costs of Privilege Review – Do the Proposed Amendments to the Federal Rules of Civil Procedure Help?, 52 LOY. L. REV. 839, 850-52 (2006) (defining and discussing clawback and quick-peek agreements).

For creative cost- and burden-shifting agreements and decisions, see:

Rajala v. McGuire Woods, LLP, No. 08-2638-CM-DJW, 2010 WL 2949582, at *6-7 (D. Kan. July 22, 2010). Where the parties could not agree on a clawback provision, the court entered one for them. The court held that it had the authority to do this under Federal Rule of Evidence 502. Furthermore, the court decided that this is the kind of case that would benefit from a clawback provision: (1) discovery would include an extensive amount of ESI; (2) McGuire Woods was a large law firm, and, thus, there was a risk that it would disclose other clients’ privileged communications and materials; and (3) there had already been numerous discovery motions in the case and a clawback provision might help prevent further disputes.

Wiginton v. CB Richard Ellis, Inc., 229 F.R.D. 568, 577 (N.D. Ill. 2004). Following Rowe and Zubulake and allocating to the plaintiff seeking production 75 percent of the cost of restoring backup tapes, searching data, and transferring it to an electronic data viewer, where expense of production was enormous and only limited numbers of emails would be responsive.


Hagemeyer N. Am., Inc. v. Gateway Data Scis. Corp., 222 F.R.D. 594, 603 (E.D. Wis. 2004). Allowing defendant to restore only a sample of requested backup tapes and requiring the parties to make additional submissions addressing whether the burden of producing all of the backup tapes would be proportionate to the probable benefit to the plaintiff.
Medtronic Sofamor Danek, Inc. v. Michelson, 229 F.R.D. 550, 561 (W.D. Tenn. 2003). Ordering the production of a sample of 993 back-up tapes with a 61-terabyte data volume where the parties agreed the tapes probably contained relevant data and requiring the requesting party to assume 40 percent of the cost of producing the sample data and the entire cost of additional requested data.

Murphy Oil USA, Inc. v. Fluor Daniel, Inc., No. Civ. A. 99-3564, 2002 WL 246439, at *3-9 (E.D. La. Feb. 19, 2002). Following Rowe and shifting cost of reconstituting backup data to the requesting party, but refusing to shift the responding parties’ cost of conducting a privilege review of these documents.

In re Commercial Fin. Servs., Inc., 247 B.R. 828, 838, 847-56 (Bankr. N.D. Okla. 2000). Entering a protective order in which debtor could allow inspection of documents subject to confidentiality agreements and holding that such an arrangement would not affect a waiver of the attorney-client privilege or work product doctrine. Debtor had over 8,000 bankers’ boxes of documents and 8,500 magnetic tapes of information that it could not review for privilege. The court observed that “[i]n the absence of a protective order, CFS is justifiably unwilling to determine whether to waive privileges in any particular documents until all have been reviewed. Such a review would result in a significant delay in the administration of the estate and would be extremely costly to the estate.” The court concluded that CFS would not be disclosing documents for tactical advantage, but concluded that, if it did in the future, such action would create a waiver.

Federal Rule of Evidence 502 (“FRE 502”) plays an important role in streamlining discovery and is referenced explicitly in the amended Federal Rules. Prior to the adoption of FRE 502, there was no assurance that a non-waiver agreement between the parties, or even a court order finding no waiver, would be binding in other cases involving different litigation adversaries. See, e.g., Hopson v. Mayor & City Council of Balt., 232 F.R.D. 228, 235 (D. Md. 2005) (stating that, even if non-waiver agreements are enforceable between the parties, “it is questionable whether they are effective against third-parties”); David M. Greenwald, Robert R. Stauffer & Erin R. Schrantz, New Federal Rule of Evidence 502: A Tool for Minimizing the Cost of Discovery, Bloomberg Law Reports (Litigation), Vol. 3, No. 4, Jan. 26, 2009.

FRE 502, signed into law September 19, 2008, provides a mechanism for enforcing parties’ non-waiver agreements and court rulings regarding waiver on other proceedings and other parties. The purpose of FRE 502 is to “respond to widespread complaint[s] that litigation costs necessary to protect against waiver of attorney-client privilege or work product have become prohibitive.” Fed. R. Evid. 502 advisory committee’s note. In crafting FRE 502, the “Advisory Committee noted that the existing law on the effect of inadvertent disclosures and on the scope of waiver is far from consistent” and that agreements between parties were “unlikely to decrease the costs of discovery due to the ineffectiveness of such agreements as to persons not party to them.” Letter from Lee H. Rosenthal, Chair, Committee on Rules of Practice and Procedure, to Honorable Patrick J. Leahy, Chairman, Committee on the Judiciary, and Senator Arlen Specter, Ranking Member, Committee on the Judiciary, at 3 (Sept. 26, 2007). The Advisory Committee also recognized that the increased use of email and electronic media has exacerbated the waiver problem, and that although “most documents produced during discovery have little value, lawyers must nevertheless conduct exhaustive reviews to prevent the inadvertent disclosure of privileged material.” S. Rep. No. 110-264, pt. 1, at 2 (2008). Prior to adoption, Proposed FRE 502 had strong support from Congress, major legal organizations, and courts. See id.; see also Victor Stanley Inc. v. Creative Pipe, Inc., 250 F.R.D. 251, 259 n.5 (D. Md. 2008) (“Federal Evidence Rule 502 would solve the problems
Hopson discussed and protect against privilege waiver . . . if the parties entered into a non-waiver agreement that meets the requirement of the proposed rule . . . ”).

FRE 502 solves the discovery problems recognized in Hopson by allowing parties to enter into non-waiver agreements that will bind third parties. Under FRE 502(d), when a confidentiality order governing the consequences of disclosure of privileged information in a case is entered in a federal proceeding, the agreement is enforceable against non-parties in any other federal or state proceeding. FED. R. EVID. 502(d). The agreement must be entered as a court order to be enforceable against non-litigants, FRE 502(e), and the terms of the order, not the agreement, ultimately control. FED. R. EVID. 502(d) advisory committee’s note. This means a court order that does not actually memorialize the parties’ agreement will control, and parties must be careful to ensure the court’s order accurately reflects their bargain. See id.


The best practice for minimizing discovery costs related to ESI is to conduct an early case assessment, seek to reach agreement with the opposing party regarding discovery that is proportional to the amount in controversy, and seek the assistance of the court in adopting discovery protocols, including phased discovery that will enable efficient development of the case toward trial. As Judge Paul Grimm explained in detail in Mancia v. Mayflower Textile Services Co., 253 F.R.D. 354, 357-58 (D. Md. 2008), Federal Rule of Civil Procedure 26(g) has long required that litigants engage in pretrial discovery in a reasonable manner that avoids excessive discovery or discovery that is propounded for the purpose of harassment, delay, or imposing a needless increase in the cost of litigation. As Judge Grimm highlights in his opinion, The Sedona Conference’s Cooperation Proclamation is a step toward developing a process by which parties may minimize the onerous costs of discovery without weakening the adversary system of dispute resolution. Id. at 361, 363. See also Tamburo v. Dworkin, No. 04 C 3317, 2010 WL 4867346, at *3 (N.D. Ill. Nov. 17, 2010) (noting that the 2006 Amendments to Rule 26(b)(2)(C)(iii) provide courts significant flexibility to ensure that the scope and duration of discovery is reasonably proportional to the value of the requested information, the needs of the case, and the parties’ resources; the court directed the parties to meet and confer to prepare a phased discovery schedule and to familiarize themselves with the Seventh Circuit’s Electronic Discovery Pilot Program’s Principles Relating to the Discovery of Electronically Stored Information and the Sedona Conference Cooperation Proclamation); Hon. John M. Facciola & Jonathan M. Redgrave, Asserting and Challenging Privilege Claims in Modern Litigation: The Facciola-Redgrave Framework, 4 FED. CTS. L. REV. 44 (2009). As
described above, the 2015 Amendments to the Federal Rules have taken an important step in formalizing some of the best practices by instructing parties to consider the scope of discovery and privilege agreements early in the litigation. See Fed. R. Civ. P. 16 (2015 amendments) advisory committee’s notes.

c. **In Camera Review**

Preliminary questions pertaining to the existence of the privilege are to be decided by the court. Fed. R. Evid. 104(a). At common law, a judge could not require disclosure of communications in order to make a determination of their privileged status. See 24 Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure § 5507 (1st ed. West 2019); see also Cal. Evid. Code § 915 (West 2019). However, in almost every case, federal courts have supported the power of the judge to order disclosure of documents for the court’s review in order to assess a claim of privilege.

See:

United States v. Zolin, 491 U.S. 554, 568-69 (1989) (internal citations omitted). “This Court has approved the practice of requiring parties who seek to avoid disclosure of documents to make the documents available for in camera inspection.”

In re Grand Jury Subpoena (Mr. S.), 662 F.3d 65, 70 (1st Cir. 2011). Upholding the district court’s use of in camera review of subpoenaed documents, which the government contested were subject to the attorney-client privilege, stating that “in camera reviews should be encouraged,” and observing that “federal courts commonly—and appropriately—conduct such reviews to determine whether particular documents are or are not privileged.”

Am. Nat’l Bank & Trust Co. v. Equitable Life Assurance Soc’y, 406 F.3d 867, 878-80 (7th Cir. 2005). Detailing an extensive discovery fight that ended in a magistrate’s review of a sample of disputed documents listed on a privilege log. After the magistrate concluded that the number of non-privileged documents in the sample implied bad faith, he ordered production of all documents on the log. The Seventh Circuit reversed, holding that there was no finding of bad faith and indicating that in camera inspection of all documents on the log would have been more appropriate.

In re Bevill, Bresler & Schulman Asset Mgmt. Corp., 805 F.2d 120, 125 n.2 (3d Cir. 1986). Upholding use of in camera inspection to prove privileged nature of documents.

In re Berkley & Co., 629 F.2d 548, 555 n.9 (8th Cir. 1980). Utilizing in camera inspection to determine if documents were privileged.


Nedlog Co. v. ARA Servs., Inc., 131 F.R.D. 116, 117 (N.D. Ill. 1989). The court found that Zolin legitimizes the practice of requiring the submission of documents for in camera inspection.

See also:

NLRB v. Interbake Foods LLC, 637 F.3d 492, 495 (4th Cir. 2011). Court held that, although an administrative law judge may make rulings on privilege issues, only an Article III judge may enforce such orders. Here, the ALJ ordered company to produce documents for in camera review by the ALJ, the company refused to comply, and the NLRB filed an application with the district court to compel
compliance with the subpoena and to order the company to submit documents to the ALJ for in camera review. The district court held that only an Article III court may determine whether subpoenaed documents are protected by privilege. On appeal, the Fourth Circuit clarified the role of an ALJ: While an ALJ may rule on issues of privilege, only an Article III court may enforce an administrative order. In making its privilege determination, the court must evaluate the claims of privilege and, if necessary, conduct its own in camera review. The court may not delegate the task of conducting an in camera review to the ALJ.

Pension Comm. of the Univ. of Montreal Pension Plan v. Banc of Am. Sec., L.L.C., No. 05 Civ. 9016, 2009 WL 2921302, at *1 (S.D.N.Y. Sept. 8, 2009). Defendants filed a motion for sanctions alleging discovery misconduct. Plaintiffs filed their opposition, which included heavily redacted versions of the declarations of five attorneys and fifteen exhibits, asserting attorney-client privilege over the redacted material. The court drew a distinction between a situation in which a party submits documents in camera to determine if they are privileged and the situation at hand where the documents are submitted in camera to substantively establish a discovery violation. The court ordered production of the documents, stating: “Here, an in camera submission is not justified where the Declarations and Exhibits speak to the core of the parties’ dispute.”

Some courts have held that it is within a district court’s power to order the production of documents for in camera review sua sponte. See, e.g., Renner v. Chase Manhattan Bank, No. 98 Civ. 926(CSH), 2001 WL 1819215, at *4 (S.D.N.Y. July 13, 2001) (ordering sua sponte that defendants submit to the Court for in camera inspection all documents withheld on the basis of attorney client privilege); Fed. Election Comm’n v. Christian Coal., 178 F.R.D. 456, 462-63 (E.D. Va. 1998) (party’s due process rights were not violated by magistrate judge’s in camera review of purportedly privileged documents). Courts also have the discretion to reject a party’s request for in camera review, particularly where it finds that review is unnecessary and a waste of judicial resources. See King v. Univ. Healthcare Sys., L.C., 645 F.3d 713, 720-21 (5th Cir. 2011) (holding that district court did not err in declining to engage in a full in camera review of documents for which plaintiff contested the applicability of the attorney-client privilege; court relied on privilege log showing that documents were clearly covered by the privilege and found that plaintiff offered only speculation that the documents were not covered); Abbott Labs. v. Andrx Pharm., Inc., 241 F.R.D. 480, 489 (N.D. Ill. 2007) (suggesting that a court may refuse to conduct in camera review after considering factors, including the volume of materials to be reviewed); Guy v. United Healthcare Corp., 154 F.R.D. 172, 176 (S.D. Ohio 1993); but see Subpoena Duces Tecum Served Upon Attorney Potts, 796 N.E.2d 915, 919 (Ohio 2003) (when a party asserts that a subpoena seeks materials protected by the attorney-client privilege, a court must first review the disputed materials in camera before ruling on the assertion of privilege). A court may refuse to conduct in camera review if the party asserting the privilege has not met its burden. See Johnson v. Couturier, Nos. CIV S-05-2046, S-08-2732, 2009 WL 649791, at *2 (E.D. Cal. Mar. 10, 2009) (refusing to conduct in camera review of documents withheld by defendant where plaintiff made a prima facie showing that the attorney-client privilege did not apply and defendant provided no evidence in response; merely asserting the privilege and requesting in camera review is not sufficient when the opposing party has presented facts that an exception to the privilege applies); Bowne of N.Y.C., Inc. v. AmBase Corp., 150 F.R.D. 465, 475 (S.D.N.Y. 1993) (holding that review is not to be routinely undertaken, particularly in a case involving a substantial volume of documents, as a substitute for a party’s submission of an adequate record in support of its privilege claims).
While in camera inspection may be used by a federal court to determine whether the privilege applies to certain documents, submitting documents to the court for in camera inspection may not be sufficient in and of itself to establish the attorney-client privilege. See Navigant Consulting, Inc. v. Wilkinson, 220 F.R.D. 467, 473-74 (N.D. Tex. 2004) (“Although a privilege log and an in camera review of documents may assist the court in conducting its analysis, a party asserting the privilege still must provide a detailed description of the materials in dispute and state specific and precise reasons for their claim of protection from disclosure.”) (internal citations and quotations omitted); Claude P. Bamberger Int’l, Inc. v. Rhom & Haas Co., No. Civ. 96-1041(WGB), 1997 WL 33768546, at *3 (D.N.J. Aug. 12, 1997) (“submission of the memorandum for an in camera review is not a substitute for the proper privilege log”). Because in camera inspection consumes the court’s time, parties should exercise care to ensure that in camera inspection is necessary to establish the privilege without revealing privileged information to an adversary. Unnecessary requests for in camera inspection will likely frustrate the court and have negative results. See, e.g., Victor Stanley, Inc. v. Creative Pipe, Inc., 250 F.R.D. 251, 266 (D. Md. 2008) (“It should go without saying that the court should never be required to undertake in camera review unless the parties have first properly asserted privilege/protection, then provided sufficient factual information to justify the privilege/protection claimed for each document, and, finally, met and conferred in a good faith effort to resolve any disputes without court intervention.”); Conopco v. Wein, No. 05 Civ. 09899, 2007 WL 1859757, at *2-3 (S.D.N.Y. June 28, 2007) (refusing to undertake in camera review or order production of thousands of documents where requesting attorney was making “much ado about nothing” and the documents were “voluminous”); B.F.G. of Ill., Inc. v. Ameritech Corp., No. 99 C 4604, 2001 WL 1414468, at *7 (N.D. Ill. Nov. 13, 2001) (“Unless in-house counsel and litigation counsel are scrupulous in their assertion of privilege, the courts will be asked to review all documents in which an in-house attorney’s involvement is the basis for assertion of privilege or work product. That would impose an unbearable burden . . . . Thus, where the court finds that a party used in-house counsel to apply a veneer of privilege to non-privileged business communications, the court should impose costs on that party.”); In re Uranium Antitrust Litig., 552 F. Supp. 2d 184-187 (D.D.C. 2004) approving the use of government privilege teams to review legal mail between counsel and government detainees at the Guantanamo detention facility); United States v. Esawi, No. 02 CR 038, 2003 WL 260678, at *4 (N.D. Ill. Feb. 3, 2003).

d. Maintaining the Privilege After Government Seizure of Documents or Other Monitoring of Communications

In certain circumstances, the government may seize files that are potentially subject to the attorney-client privilege, whether from a law office or otherwise. Where such a seizure is made pursuant to a valid warrant, courts have generally approved the government’s practice of conducting an initial review of the documents with a “privilege team” of attorneys not involved in the investigation. See United States v. Derman, 211 F.3d 175, 176, 181-82 (1st Cir. 2000) (superseded by statute on other grounds); United States v. Grant, No. 04 CR 207BSJ, 2004 WL 1171258, at *2 (S.D.N.Y. May 25, 2004); see also In re Guantanamo Detainee Cases, 344 F. Supp. 2d 174, 186-87 (D.D.C. 2004) (approving the use of government privilege teams to review legal mail between counsel and government detainees at the Guantanamo detention facility); United States v. Esawi, No. 02 CR 038, 2003 WL 260678, at *4 (N.D. Ill. Feb. 3,
In using a privilege team to review documents, the government must be careful to assure that the party asserting a privilege has an opportunity to fairly assert the claim before members of a trial team have access to potentially privileged documents. See United States v. Kaplan, No. 02 CR. 883(DAB), 2003 WL 22880914, at *4-12 (S.D.N.Y. Dec. 5, 2003); see also United States v. Ary, 518 F.3d 775, 783-85 (10th Cir. 2008) (defendant’s motion to suppress privileged documents seized by government was properly denied when over a year passed before defendant’s counsel went to U.S. Attorney’s office to review the files in question). The use of such teams is subject to abuse and may be particularly inappropriate where the seized documents involve an attorney’s representation of a client in a criminal proceeding. United States v. Jackson, No. 07-0035(RWR), 2007 WL 3230140, at *5-6 (D.D.C. Oct. 30, 2007) (applying four-factor test and granting criminal defendant’s request for a special master to review files rather than a government “taint team”); United States v. Stewart, No. 02 CR 396 JGK, 2002 WL 1300059, at *6-7 (S.D.N.Y. June 11, 2002) (appointing a special master to review files, rather than a privilege team as requested by the government, and reviewing cases in which ethical firewalls of privilege teams became problematic). But see Hicks v. Bush, 452 F. Supp. 2d 88, 102-04 (D.D.C. 2006) (stating that filter team screening communications between Guantanamo prisoners and their attorneys created large ethical and logistical concerns; however, because no other practical alternative existed, filter team would be used).

In In re Grand Jury Subpoenas 04-124-03 & 04-124-05, 454 F.3d 511, 522-23 (6th Cir. 2006), the Sixth Circuit held that where the government subpoenas documents from a third party in connection with a grand jury proceeding, the target of the investigation may screen the documents for privilege prior to their production to the government. In that case, the government subpoenaed Venture Holdings for documents related to the bankrupt entity’s former controlling partner, Larry Winget. Id. at 513. Winget intervened and petitioned the court for permission to review the documents for privilege before they were produced to the government. Id. In rejecting the government’s argument that a “taint team” be allowed to conduct the review, the Sixth Circuit found that the need for secrecy surrounding grand jury proceedings and investigation of criminal conduct did not outweigh an individual’s privilege protections. Id. at 523-24.

Even when a “taint team” is used, there is a risk that a party’s privilege may be violated. In United States v. DeLuca, 663 F. App’x 875, 876 (11th Cir. 2016), the government seized computers and hard drives from the defendant and the government agreed to set up a “filter team” to screen for privilege. Notwithstanding the protocol that a magistrate judge would determine privilege issues, a member of the filter team gave the prosecution team access to communications he deemed not to be privileged. Id. at 877. Although the district court acknowledged that the government had disregarded “the important protections provided by the privilege,” it found that because the defendant had not shown that he was prejudiced by the violation, neither dismissal of the indictment nor vacatur of his convictions was appropriate. Id. at 878. The Eleventh Circuit affirmed, holding that dismissal of the defendant’s indictment based on a violation of his attorney-client privilege was inappropriate absent “demonstrable
prejudice.” *Id.* at 878-80. *Cf. United States v. Fishoff*, Criminal Action No. 15-586 (MAS), 2016 WL 4414780, at *3 (D.N.J. Aug. 16, 2016) (where criminal defendant Petrello agreed to allow the government (DOJ) to search two email addresses and his computer hard drive, subject to a clawback agreement in which Petrello stated he did not intend to waive privilege and the government was prohibited from reviewing any emails between Petrello and any attorney included on a list provided by Petrello, DOJ’s production of the materials to the SEC and to defendant Fishoff was deemed inadvertent and DOJ’s disclosure of privileged materials to third parties did not waive Petrello’s privileges).

Because of the dangers associated with government abuse, and the appearance of impropriety, see, e.g., *Kaplan*, 2003 WL 22880914, at *10-12; *Stewart*, 2002 WL 1300059, at *6-7, the better practice in such cases may be for the party asserting the privilege to submit a privilege log of documents subject to the privilege prior to the government’s review. *See United States v. Segal*, 313 F. Supp. 2d 774, 779-80 (N.D. Ill. 2004).

e. Imposition Of Sanctions For Failure To Comply With Discovery Rules

Courts have wide discretion in forming discovery sanctions, which may include the imposition of costs associated with bringing a motion to compel, a waiver of the privilege, the reversal of evidentiary presumptions, the barring of testimony, or resolution of issues against the party improperly asserting the privilege. *Residential Funding Corp. v. DeGeorge Fin. Corp.*, 306 F.3d 99, 107 (2d Cir. 2002) (noting wide discretion vested in district court to impose discovery sanctions); *Mancia v. Mayflower Textile Servs. Co.*, 253 F.R.D. 354, 357 (D. Md. 2008) (“If a lawyer or party makes a Rule 26(g) certification that violates the rule, without substantial justification, the court (on motion, or *sua sponte*) must impose an appropriate sanction, which may include an order to pay reasonable expenses and attorney’s fees, caused by the violation.”). In extreme cases, a court may order dismissal of an entire case or enter a directed verdict in favor of a plaintiff where the defendant fails to comply with discovery obligations. *See Ponte v. Sage Bank*, No. 14-115 S, 2015 WL 5568087, at *3-4 (D.R.I. Sept. 22, 2015) (court may enter a sanction of dismissal against plaintiff who, after receiving inadvertently disclosed privileged material, used that material to the detriment of defendant and defied the court’s order for the return of the privileged material); *Ridge Chrysler Jeep, L.L.C. v. DaimlerChrysler Fin. Servs.*, 516 F.3d 623, 625-26 (7th Cir. 2008) (affirming dismissal and stating “[n]either a statute nor the Constitution requires an elevated burden for dismissal as a sanction, when the burden in the underlying suit is the preponderance of the evidence”); *Henry v. Onsa*, No. 05-2406 HHK/DAR, 2008 WL 552627, at *3 (D.D.C. Feb. 27, 2008) (dismissal was warranted and lesser sanctions would have been insufficient where defendants failed to provide any discovery information). *Accord Ramirez v. T&H Lemont, Inc.*, 845 F.3d 772, 781 (7th Cir. 2016) (in Title VII action involving allegations of witness tampering, holding that in order for a court to dismiss a case as a sanction for discovery-related misconduct, the misconduct needs to be established only by a preponderance of the evidence, and not by clear and convincing evidence) (overruling *Maynard v. Nygren*, 332 F.3d 462, 468 (7th Cir. 2003)). *But see ClearValue, Inc. v. Pearl River Polymers, Inc.*, 560 F.3d 1291, 1306-07 (Fed. Cir. 2009) (following Fifth Circuit precedent that a district court must impose the least severe sanction that will achieve the deterrent value of Federal Rule of Civil Procedure 37 and
reversing non-monetary sanctions, including dismissal, entered as sanction for discovery abuse but upholding the majority of monetary sanctions).

**Compare:**

*Am. Nat’l Bank & Trust Co. v. Equitable Life Assurance Soc’y*, 406 F.3d 867, 878-80 (7th Cir. 2005). Reversing magistrate’s order requiring production of all documents on privilege log after identifying various non-privileged but logged documents and holding that there was no finding of bad faith justifying such a sanction.

*Heartland Bank v. Heartland Home Fin., Inc.*, 335 F.3d 810, 816-17 (8th Cir. 2003). Reversing district court order barring witness and suggesting less draconian sanctions, such as fees or exclusion of evidence on certain topics.

*Rude v. Dancing Crab at Wash. Harbour, L.P.*, 245 F.R.D. 18, 23 (D.D.C. 2007). Denying plaintiff’s motion for default judgment, as default judgment was an inappropriate sanction where producing party initially did not turn over all relevant evidence, but supplemented it soon thereafter.

*Koehler v. Bank of Berm., Ltd.*, No. M18-302, 931745, 2003 WL 289640, at *10-14 (S.D.N.Y. Feb. 11, 2003). Where bank repeatedly failed to meet discovery requirements and produced an inadequate privilege log, court declined to grant dispositive relief on personal jurisdiction issue to Koehler, but, recognizing prejudice caused by delay, reversed burden of proof and required bank to demonstrate that it was not subject to court’s jurisdiction.

*EEOC v. Safeway Store, Inc.*, No. C-00-3155 TEH(EMC), 2002 WL 31947153, at *2-3 (N.D. Cal. Sept. 16, 2002). Observing that party’s delay in producing privilege log could result in waiver as to privilege, but declining to find waiver where opposing party was not taken off guard by delay and did not suffer litigation prejudice, and granting fees as sanction.

*B.F.G. of Ill., Inc. v. Ameritech Corp.*, No. 99 C 4604, 2001 WL 1414468, at *5 (N.D. Ill., Nov. 13, 2001). Observing that Ameritech’s failure to produce an adequate privilege log could justify waiver of privilege as to all documents logged, but reviewing over 500 listed documents individually and ordering production only of non-privileged documents.

**With:**

*In re Teleglobe Comm’ns Corp.*, 493 F.3d 345, 386-87 (3d Cir. 2007). Holding that trial court can prevent a party from asserting privilege as a sanction for discovery abuse and remanding to determine if party’s violation was willful or in bad faith.

*Abbott Laboratories v. H&H Wholesale Services, Inc.*, No. 17 CV 3095 (CBA) (LB), 2018 WL 2459271, at *6 (E.D.N.Y. Mar. 9, 2018). Where party’s deficient production was “calculated and purposeful,” it resulted in waiver.

*Novelty, Inc. v. Mountain View Mkrg., Inc.*, 265 F.R.D. 370, 381-82 (S.D. Ind. 2009). After a series of discovery abuses, court found that plaintiff’s refusal to comply with the court’s order to provide a privilege log “reflects its willingfulness, bad faith, and ‘fault,’” and, pursuant to Federal Rule of Civil Procedure 37, held that plaintiff’s conduct warranted the “severe sanction” of waiver of all privileges.

*In re Sept. 11th Liab. Ins. Coverage Cases*, 243 F.R.D. 114, 129-32 (S.D.N.Y. 2007). Court imposed sanctions of $750,000 under Rule 11 and $500,000 under Rule 37 when insurer intentionally erased electronic documents that had been ordered for production and attorney allowed paper version to languish in his files.
Heath v. F/V Zolotoi, 221 F.R.D. 545, 552-53 (W.D. Wash. 2004). Entering a directed verdict against plaintiff who failed to produce various witness statements and willfully failed to list those statements on any privilege log.


In re Marshall, 253 B.R. 550, 558 (Bankr. C.D. Cal. 2000), vacated on other grounds, 392 F.3d 1118 (9th Cir. 2004). Striking witness’s testimony after repeated failure to produce documents, even after imposition of monetary fines, and after production of “grossly” deficient privilege log.

Stengart v. Loving Care Agency, Inc., 990 A.2d 650 (N.J. 2010). Defendant hired a computer forensic expert to recover all files stored on plaintiff’s laptop, which included copies of the emails exchanged with her attorney that were automatically saved to the laptop’s hard drive in the form of temporary Internet files. At least two of defendant’s outside attorneys reviewed the emails but did not advise opposing counsel about the emails until months later, when they responded to plaintiff’s interrogatories. The court held that defendant’s counsel’s review of the privileged emails and use of the contents of at least one email violated New Jersey Rule of Professional Conduct 4.4(b), which provides that a “lawyer who receives a document and has reasonable cause to believe that the document was inadvertently sent shall not read the document or, if he or she has begun to do so, shall stop reading the document, promptly notify the sender, and return the document to the sender.” The court remanded the case to the trial court to determine the appropriate sanction.

Discovery sanctions can also be imposed where the recipient of discovery responses fails to meet its ethical and procedural responsibilities. Ethical rules in many jurisdictions place attorneys under a professional obligation, upon identifying the privileged nature of documents, to cease review of the documents and inform the privilege holder. See, e.g., COLO. RULES OF PROF’L CONDUCT R. 4.4(c) (West 2017) (“Unless otherwise permitted by court order, a lawyer who receives a document relating to the representation of the lawyer’s client and who, before reviewing the document, receives notice from the sender that the document was inadvertently sent, shall not examine the document and shall abide by the sender’s instructions as to its disposition.”); N.J. RULES OF PROF’L RESPONSIBILITY R. 4.4(b) (West 2017) (“A lawyer who receives a document and has reasonable cause to believe that the document was inadvertently sent shall not read the document or, if he or she has begun to do so, shall stop reading the document, promptly notify the sender, and return the document to the sender.”). See also N.Y. City Bar Ass’n Comm. On Prof’l Ethics, Op. 2012-1 (2012) (an opinion from the New York City Bar Association Committee on Professional ethics stating that a lawyer who receives a document that was sent by mistake and continues to read the document if it contains confidential or privileged information may be subject to court-imposed sanctions, including disqualification and evidence preclusion).

In October 2005, the American Bar Association (“ABA”) changed its guidance for attorneys who receive privileged documents inadvertently produced by opposing counsel.
ABA Comm. on Ethics & Prof'l Responsibility, Formal Op. 05-437 (2005). Previously, the ABA had instructed that attorneys “must refrain from viewing such materials” except “to the extent necessary to determine the manner in which to proceed” and “should completely refrain from using the materials until a court makes a determination as to their proper disposition.” ABA Comm. on Ethics & Prof'l Responsibility, Formal Op. 92-368 (1992) (discussing the inadvertent disclosure of confidential materials). In 2006, the ABA explained that this advice “was influenced by principles involving the protection of confidentiality, the inviolability of the attorney-client privilege, the law governing baiements and missent property, and general considerations of common sense, reciprocity, and professional courtesy,” which the ABA now recognized were “beyond the scope of the Rules.” ABA Comm. on Ethics & Prof'l Responsibility, Formal Op. 06-440 (2006). The new guidance recognizes that the plain language of Rule 4.4(b) of the ABA Model Rules of Professional Conduct “requires only that a lawyer who receives a document relating to the representation of the lawyer’s client and who knows or reasonably should know that the document was inadvertently sent shall promptly notify the sender. The Rule does not require refraining from reviewing the materials or abiding by instructions of the sender.” Id. The 2006 opinion notes that “the Rules do not exhaust the moral and ethical considerations that should inform a lawyer,” and “the considerations that influenced the Committee in Formal Opinion 92-368, which carried over to Formal Opinion 94-382, are part of the broader perspective that may guide a lawyer’s conduct in the situations addressed in those opinions.” Id.; see also DEL. LAWYERS’ RULES OF PROF’L CONDUCT R. 4.4 cmt. 2 (2003) (“Whether the lawyer is required to take additional steps, such as returning the original document, is a matter of law beyond the scope of these Rules . . . . ”); FLA. RULES OF PROF’L CONDUCT R. 4-4.4(b) (2006) (same); WASH. RULES OF PROF’L CONDUCT R. 4.4(b) cmt. 2 (2013) (same).

Whether the applicable rule is the limited obligation to notify opposing counsel or a stricter approach that forbids viewing or using the document, an attorney who receives privileged information inadvertently produced by opposing counsel should tread carefully. Several courts have been willing to impose sanctions – sometimes as severe as the dismissal of claims – for improper conduct in such situations. See, e.g., Maldonado v. N.J. ex rel. Admin. Office of Courts, 225 F.R.D. 120, 138 (D.N.J. 2004) (“New Jersey Rules of Professional Conduct also subscribe to the ‘cease, notify, and return’ steps as appropriate ethical conduct.”); Arnold v. Cargill Inc., No. 01-2086 (DWF/AJB), 2004 WL 2203410, at *10 (D. Minn. Sept. 24, 2004); George v. Indus. Maint. Corp., 305 F. Supp. 2d 537, 539 (D.V.I. 2002); Richards v. Jain, 168 F. Supp. 2d 1195, 1200-01 (W.D. Wash. 2001); Weeks v. Samsung Heavy Indus., Ltd., No. 93 C 4899, 1996 WL 288511, at *3 (N.D. Ill. May 30, 1996); Rico v. Mitsubishi Motors Corp., 171 P.3d 1092, 1100 (Cal. 2007) (plaintiffs’ counsel and expert disqualified where plaintiffs’ attorney violated ethical obligation to refrain from examining inadvertently produced privileged material and immediately notify the sender of the receipt of the privileged material); McDermott Will & Emery LLP v. Superior Court, 217 Cal. Rptr. 3d 47, 80-84, 10 Cal. App. 5th 1083, 1121-26 (Cal. Ct. App. 2017) (affirming trial court’s decision to disqualify counsel who affirmatively used privileged document in violation of Rico where there was a likelihood use of the document could affect the outcome of the proceedings both in terms of the effect on the outcome of the proceedings and in terms of the integrity of the proceedings and public confidence in them); Stephen Slesinger, Inc. v. Walt Disney Co., No. BC 022365, 2004 WL 612818, at *13-14 (Cal. Super. Ct. Mar. 29, 2004) (dismissing claims).
Discovery orders directing a party to the litigation to disclose communications protected by the attorney-client privilege are not final orders immediately appealable pursuant to 28 U.S.C. § 1291. However, in some instances, particularly where a discovery order is directed at someone other than the holder of the privilege, discovery orders directing non-parties to disclose privileged communications may be appealed immediately. See Perlman v. United States, 247 U.S. 7, 12-15 (1918). The justification for this exception lies in the lack of incentive of the directed party to risk contempt in protecting another’s claim to the privilege. See Doe No. 1 v. United States, 749 F.3d 999, 1006-07 (11th Cir. 2014) (holding that it had jurisdiction to decide interlocutory appeal by criminal defense attorneys regarding an adverse privilege ruling relating to documents held by the government where defense counsel would not be able to appeal a final judgment against the government and would otherwise be left “without an avenue to appeal the denial of their claims of privilege”); In re Grand Jury, 705 F.3d 133, 145-46, 149 (3d Cir. 2012) (holding that Mohawk did not narrow the Perlman doctrine in the grand jury context, and an immediate appeal of an adverse ruling was permitted under Perlman because an appellate court has jurisdiction to hear an interlocutory appeal of a privilege ruling where the privilege holder is not in the possession of the documents, and the party that has possession does not have an interest in the privilege such that they would risk contempt to protect the privilege holders’ interests); United States v. Krane, 625 F.3d 568, 572-73 (9th Cir. 2010) (holding that the Perlman doctrine survives Mohawk Industries, Inc. v. Carpenter, 130 S. Ct. 599 (2009), because “Perlman and Mohawk are not in tension,” and finding that appeal would be the only opportunity for the third party to seek review of the district court’s order adverse to its claims of privilege); Sandra T.E. v. S. Berwyn Sch. Dist. 100, 600 F.3d 612, 617-18 (7th Cir. 2010) (reiterating that, under Seventh Circuit precedent, a non-party subject to a discovery order rejecting a privilege claim may obtain immediate review of a discovery order because he has no remedy at the end of the litigation, but noting that it was unclear whether that reasoning survived after Mohawk); John B. v. Goetz, 531 F.3d 448, 458 n.6 (6th Cir. 2008) (noting that Perlman applies to the holder of the privilege but this does not include the state as a custodian of records); In re Air Crash at Belle Harbor, N.Y. on Nov. 12, 2001, 490 F.3d 99, 106 (2d Cir. 2007) (reiterating that Perlman applies only when holder of the privilege appeals order regarding a subpoena directed at someone else and does not apply when appealing party has the power to comply or not comply with the subpoena); In re Flat Glass Antitrust Litig., 288 F.3d 83, 90 n.9 (3d Cir. 2002) (distinguishing Perlman); FDIC v. Ogden Corp., 202 F.3d 454, 459-60 (1st Cir. 2000) (“a substantial privilege claim that cannot effectively be tested by the privilege-holder through a contemptuous refusal ordinarily will qualify for immediate review if the claim otherwise would be lost”). But see Drummond Co., Inc. v. Collingsworth, 816 F.3d 1319, 1327 (11th Cir. 2016) (holding that there is no immediate appeal from an adverse privilege determination in connection with responding to a third-party subpoena); United States v. Copar Pumice Co., 714 F.3d 1197, 1208-09 (10th Cir. 2013) (holding that the Perlman doctrine was inapplicable where the privilege holder was a party to the action, and that although the finality doctrine may still be recognized, it may be invoked only in truly unique circumstances and not where the dispute can adequately be reviewed on appeal from a final judgment); Wilson v. O’Brien, 621 F.3d 641 (7th Cir. 2010) (where a student attorney was deposed about an interview he conducted of another individual who took responsibility for plaintiff’s criminal acts, and during the deposition the student attorney...
refused to answer certain questions on grounds of privilege but then answered those questions in a hearing with the district court, the Seventh Circuit noted that the Mohawk decision “calls Perlman and its successors into question” and held that the appeal was moot because “[i]nterlocutory review permits a decision before the cat is out of the bag” and the student attorney had already disclosed the information. Cf In re Naranjo, 768 F.3d 332, 343-44, 346 (4th Cir. 2014) (drawing distinction between adverse privilege rulings on “ancillary” Rule 45, which are not subject to immediate appeal, and adverse privilege rulings relating to discovery requests under 28 U.S.C. § 1782, which are immediately appealable because they are a “sufficiently final order” to convey subject matter jurisdiction to the appellate court).

The United States Supreme Court has held that disclosure orders directed to parties to litigation that are adverse to the attorney-client privilege do not qualify for immediate appeal under the collateral order doctrine. Mohawk Indus., Inc. v. Carpenter, 130 S. Ct. 599, 609 (2009). The Court reasoned that “[a]ppellate courts can remedy the improper disclosure of privileged material in the same way they remedy a host of other erroneous evidentiary rulings: by vacating an adverse judgment and remanding for a new trial in which the protected material and its fruits are excluded from evidence.” Id. at 607. Mohawk resolved a circuit split and abrogated the decisions of several circuits that previously held that orders requiring the disclosure of privileged communications may be appealed as collateral orders. See In re Napster, Inc. Copyright Litig., 479 F.3d 1078, 1088-89 (9th Cir. 2007); United States v. Philip Morris Inc., 314 F.3d 612, 620-21 (D.C. Cir. 2003); In re Ford Motor Co., 110 F.3d 954, 957 (3d Cir. 1997).

For parties who wish to maintain the confidentiality of a privileged communication, there may be other options: the Mohawk Court noted that a party may ask the district court to certify the issue for interlocutory appeal, may seek a writ of mandamus, or may withhold the material and appeal a resulting order of contempt, at least where the order of contempt is criminal in nature. Id. at 607-08.

(1) Appeal From Contempt Citation

In Mohawk Industries, Inc. v. Carpenter, the United States Supreme Court indicated that a party may obtain immediate appellate review of an adverse attorney-client privilege ruling by disobeying a disclosure order and incurring a contempt citation. 130 S. Ct. 599, 608 (2009). However, the Court suggested that civil contempt may not be sufficient: “The party can then appeal directly from that ruling, at least when the contempt citation can be characterized as a criminal punishment.” Id. In United States v. Myers, the Fourth Circuit discussed Mohawk and held that it could not immediately review a civil contempt order for disobeying a discovery order. 593 F.3d 338 (4th Cir. 2010). See also In re Grand Jury, 705 F.3d 133, 146-47 (3d Cir. 2012) (holding that the Perlman doctrine is still viable because Mohawk did not directly overrule Perlman).

Prior to Mohawk, some courts did not distinguish between civil and criminal contempt when allowing immediate review. See, e.g., In Re Keeper of Records (XYZ Corp.), 348 F.3d 16, 21 (1st Cir. 2003); United States v. Almani, 169 F.3d 1189 (9th Cir. 1999). However, many courts limited immediate appeal to criminal contempt orders. See, e.g., Byrd v. Reno, 180 F.3d 298, 301 (D.C. Cir. 1999) (holding that, despite the confusion in case law on the
issue, the Supreme Court has not overruled precedent by holding that a party may obtain review of civil contempt); In re Joint E. & S. Asbestos Litig., 22 F.3d 755, 764-65 (7th Cir. 1994) (holding that an order for civil contempt enforcing a discovery order is not appealable because it is not a final decision for the purposes of 28 U.S.C. § 1291); see also 15B CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE & PROCEDURE § 3914.23 n.46 (2d ed. West 2019).

Non-parties, however, may appeal both civil and criminal contempt orders. Cacique, Inc. v. Robert Reiser & Co., 169 F.3d 619, 622 (9th Cir. 1999) (“A contempt order and imposition of sanctions on a non-party for failure to obey a discovery order or subpoena is a final order for purposes of 28 U.S.C. § 1291.”); Petersen v. Douglas Cnty. Bank & Trust Co., 967 F.2d 1186, 1188 (8th Cir. 1992) (“An order finding a nonparty witness in contempt of court is appealable even if final judgment has not been entered in the underlying action.”); 15B CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE & PROCEDURE § 3914.23 (2d ed. West 2019).

(2) Mandamus

Immediate appellate review may be obtained by filing a petition for a writ of mandamus in the appellate court. “Mandamus provides the most direct route around the rule that generally bars final judgment appeals from discovery orders.” 15B CHARLES ALAN WRIGHT, ET AL., FEDERAL PRACTICE & PROCEDURE § 3914.23 (2d ed. West 2019). While a writ of mandamus is an extraordinary remedy, some circuit courts have found that the potential irreversible harm that a party may incur if it is directed in error to turn over a privileged communication justifies the issuance of the writ. See, e.g., In re Kellogg Brown & Root, Inc., 756 F.3d 754, 760-63 (D.C. Cir. 2014) (granting petition for writ of mandamus, finding that district court’s ruling that internal investigation into alleged breaches of company’s Code of Business Conduct was not privileged under the attorney-client privilege would “vastly diminish the attorney-client privilege in the business setting); United States v. Jicarilla Apache Nation, 564 U.S. 162, 165, 131 S. Ct. 2313, 2318 (2011) (granting petition for writ of mandamus filed by government to prevent disclosure of privileged documents, and holding that the fiduciary exception did not apply to the general trust relationship between the United States and the Indian tribes); Hernandez v. Tanninen, 604 F.3d 1095, 1101-02 (9th Cir. 2010) (granting a writ of mandamus where it found that the trial court erred by holding there was a blanket waiver of privilege between a plaintiff and his former attorney, noting that “[t]he finding of a blanket waiver of both privileges [attorney-client and work product] could result in matters far beyond the scope of the waiver being disclosed, including case strategy, the strengths and weaknesses of [plaintiff’s] claims, and all communications between [plaintiff’s former attorney and plaintiff]” and that “[t]he breadth of the waiver finding, untethered to the subject-matter disclosed, constitutes a particularly injurious privilege ruling”); In re United States, 590 F.3d 1305, 1312-13 (Fed. Cir. 2009), cert. granted, 79 U.S.L.W. 3210 (U.S. Jan. 7, 2011, and argued (Apr. 20, 2011) (in a matter of first impression, granting writ of mandamus to determine whether the fiduciary exception to the attorney-client privilege applies in tribal trust cases); In re Cnty. of Erie, No. 07-5702-op, 2008 WL 4554920, at *3 (2d Cir. Oct. 14, 2008) (reiterating the long standing rule that “the potential invasion of a privilege appropriately calls forth a writ of mandamus”); Carpenter v. Mohawk Indus., Inc., 541 F.3d 1048, 1053 (11th Cir. 2008) (holding that a writ of mandamus was the proper method to review a discovery order on the basis of attorney-client privilege); In re Avantel, S.A., 343 F.3d 311, 317 (5th Cir. 2003) (mandamus
appropriate where district court errs in discovery order that would not be reviewable on appeal); In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 804 (Fed. Cir. 2000) (issuing writ of mandamus vacating district court order directing the disclosure of patent invention record that was protected by the attorney-client privilege); Rhone-Poulenc Rorer Inc. v. Home Indem. Co., 32 F.3d 851, 866 (3d Cir. 1994) (issuing writ of mandamus to vacate district court’s order finding that plaintiff waived the attorney-client privilege); In re Bieter Co., 16 F.3d 929, 931 (8th Cir. 1994) (issuing writ to vacate order compelling disclosure of privileged communications); Chase Manhattan Bank, N.A. v. Turner & Newall, P.L.C., 964 F.2d 159, 163 (2d Cir. 1992) (issuing mandamus to vacate order directing defendant to disclose privileged communications without the district court first determining the merits of defendant’s claim of privilege).

In Chase Manhattan Bank, the court enumerated three factors as prerequisites for mandamus review of discovery orders directing the disclosure of privileged communications: “(i) an issue of importance and of first impression is raised; (ii) the privilege will be lost in the particular case if review must await a final judgment; and (iii) immediate resolution will avoid the development of discovery practices or doctrine undermining the privilege.” 964 F.2d at 163; see also In re Bieter Co., 16 F.3d at 931 (adopting same three criteria); In re Burlington N., Inc., 822 F.2d 518, 523 (5th Cir. 1987) (mandamus review appropriate where documents at issue went to the heart of the controversy, erroneous disclosure of documents could have been irreparable, and the district court’s order turned on legal questions appropriate for appellate review). But see In re Dow Corning Corp., 261 F.3d 280, 285 (2d. Cir. 2001) (noting that mandamus was rarely granted in the Second Circuit and declining to grant relief from erroneous district court order compelling disclosure of privileged communication where exceptions to the privilege might apply but were not addressed below); In re Occidental Petroleum Corp., 217 F.3d 293, 295-96 (5th Cir. 2000) (distinguishing Burlington Northern, cited above, because that decision involved a clear error of law and called for an important and far-reaching solution, while the order at issue applied to an extraordinary number of documents).

(3) Permissive Interlocutory Appeal

28 U.S.C. § 1292(b) provides that a federal Court of Appeals has discretion to consider an immediate appeal from an interlocutory order if the district court certifies in writing that the “order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation.” There are few published opinions in which Section 1292(b) has been used successfully by a party seeking appellate review of an order rejecting an assertion of the privilege. See, e.g., Sokaogon Gaming Enter., Corp. v. Tushie-Montgomery Assocs., Inc., 86 F.3d 656, 658-59 (7th Cir. 1996) (accepting jurisdiction pursuant to Section 1292(b)); Tennenbaum v. Deloitte & Touche, 77 F.3d 337, 339 (9th Cir. 1996) (same); In re Boileau, 736 F.2d 503, 504 (9th Cir. 1984) (accepting jurisdiction pursuant to Section 1292(b) to review order issued by bankruptcy court compelling debtor to produce privileged documents).
Standard Of Review

The circuits are split as to the appropriate standard of review for determining whether district courts properly analyzed discovery issues. See Winbond Elecs. Corp. v. Int’l Trade Comm’n, 262 F.3d 1363, 1370 (Fed. Cir. 2001) (noting division). The Fourth, Sixth, Ninth, and Eleventh Circuits have reviewed discovery decisions de novo. See, e.g., Adkins v. Christie, 488 F.3d 1324, 1327 (11th Cir. 2007) (“The decision to recognize a privilege is a mixed question of law and fact, which we review de novo.”); United States v. Dakota, 197 F.3d 821, 825 (6th Cir. 1999) (de novo review of determination regarding waiver of privilege); Chaudhry v. Gallerizzo, 174 F.3d 394, 402 (4th Cir. 1999) (discovery disputes reviewed de novo as mixed questions of fact and law); United States v. Mendelsohn, 896 F.2d 1183, 1188 (9th Cir. 1990) (de novo review of determination regarding waiver of privilege). See also In re Grand Jury Subpoena, 176 F. App’x 72, 73 (11th Cir. 2006) (in the context of the Fifth Amendment’s privilege against self-incrimination, noting that the applicability of a privilege involves a mixed question of law and fact, that purely factual issues are reviewed for clear error, and that the application of law to fact is reviewed de novo).

The Second, Third, Fifth and Tenth Circuits have applied an abuse of discretion standard in similar cases. See, e.g., In re Grand Jury Proceedings, 219 F.3d 175, 182 (2d Cir. 2000) (abuse of discretion standard applied to reviewing waiver determination); In re Grand Jury (Impounded), 138 F.3d 978, 980-81 (3d Cir. 1998) (same); Frontier Ref. Inc. v. Gorman-Rupp Co., 136 F.3d 695, 699 (10th Cir. 1998) (abuse of discretion standard applied to discovery orders generally); United States v. Neal, 27 F.3d 1035, 1048 (5th Cir. 1994) (“The application of the attorney-client privilege is a question of fact, to be determined in the light of the purpose of the privilege and guided by judicial precedents.”). Where, however, the application of the privilege turns on an issue of law (for example, the application of the “control group” versus “subject matter” tests for corporate application of the privilege), courts in the second category may also review lower court determinations on a de novo basis. See In re Avantel, S.A., 343 F.3d 311, 318 (5th Cir. 2003); Neal, 27 F.3d at 1048.

The Seventh Circuit reviews questions of law, such as the scope of the attorney-client privilege, de novo, but reviews the district court’s findings of fact and the application of law to fact for clear error. Shaffer v. Am. Med. Ass’n, 662 F.3d 439, 446 (7th Cir. 2011) (scope of privilege is a question of law that is reviewed de novo, while findings of fact and the application of law to fact is reviewed for clear error). The First Circuit combines these groups, stating that privilege determinations are reviewed based on the nature of the issue involved: questions of law are reviewed de novo, findings of fact are reviewed for clear error, and evidentiary determinations are reviewed for abuse of discretion. In re Grand Jury Subpoena, 662 F.3d 65, 69 (1st Cir. 2011).

Assertion Of The Attorney-Client Privilege And Depositions Of Counsel

Protecting litigation or in-house counsel from depositions implicates both the attorney-client privilege and (possibly to a greater extent) the work product doctrine. Notwithstanding that the practice of compelling counsel to testify has long been discouraged, deposing opposing counsel is considered an acceptable litigation tactic by some lawyers. See Shelton v. Am.
Motors Corp., 805 F.2d 1323, 1327 (8th Cir. 1987). Recognizing that depositions of counsel, whether in-house counsel or trial counsel, constitute potentially dilatory tactics that may chill legal representation, many courts have imposed special rules restricting this practice, which are discussed in Special Circumstances – Rule 30(B)(6) Depositions And Depositions Of Counsel, § VII.B, infra.

3. Assertion Of The Privilege By Organizations: Employees And Successor Corporations


However, where employees have established an independent attorney-client relationship with the corporation’s counsel, they may assert or waive the privilege as to conversations made in the course of that relationship. Typically, an individual asserting the privilege must meet a five-prong test:

First, they must show they approached [counsel] for the purpose of seeking legal advice. Second, they must demonstrate that when they approached [counsel] they made it clear that they were seeking legal advice in their individual rather than in their representative capacities. Third, they must demonstrate that [counsel] saw fit to communicate with them in their individual capacities, knowing that a possible conflict could arise. Fourth, they must prove that their conversations with [counsel] were confidential. And, fifth, they must show that the substance of their conversations with [counsel] did not concern matters within the company or the general affairs of the company.

In re Bevill, Bresler & Schulman Asset Mgmt. Corp., 805 F.2d 120, 123-25 (3d Cir. 1986); see also United States v. Graf, 610 F.3d 1148, 1161 (9th Cir. 2010) (adopting Bevill approach); In re Grand Jury Subpoena, 274 F.3d 563, 571 (1st Cir. 2001) (following Bevill); Intervenor v. United States (In re Grand Jury Subpoenas), 144 F.3d 653, 659 (10th Cir. 1998) (same); United States v. Int’l Bhd. of Teamsters, 119 F.3d 210, 215 (2d Cir. 1997) (same).

An employee or officer cannot assert the corporation’s privilege if the corporation waives it. See In re Grand Jury Proceedings, 469 F.3d 24, 26 (1st Cir. 2006) (CEO, acting in his individual capacity, did not have standing to assert attorney-client privilege); Bevill, 805 F.2d at 124-25; In re Hechinger Inv. Co., 285 B.R. 601, 606 (D. Del. 2002) (former officers and employees could not assert corporation’s privilege). Likewise, an officer or employee cannot waive the corporation’s privilege if the corporation asserts it. See In re Grand Jury Proceedings, 219 F.3d 175, 184-85 (2d Cir. 2000) (waiver of corporate attorney-client
privilege by corporate officer’s testimony would not necessarily waive corporate privilege where officer was not communicating corporation’s intent to waive); United States v. Segal, 313 F. Supp. 2d 774, 782 (N.D. Ill. 2004) (holding that communications disclosed by former employee pursuant to an immunity agreement remained privileged as to employer); Alexander v. FBI, 198 F.R.D. 306, 315-16 (D.D.C. 2000); State ex rel. Lause v. Adolf, 710 S.W.2d 362 (Mo. Ct. App. 1986) (fact that officer asserted advice of counsel defense did not waive corporation’s privilege); Las Vegas Sands v. Eighth Judicial Dist. Court, No. 63444, 2014 WL 3887779, at *5-8 (Nev. Aug. 7, 2014) (corporation’s current management was sole holder of the attorney-client privilege, with sole authority to assert or waive privilege, and former president and CEO could not use the company’s privileged documents even though he was a party to the privileged communications). Only employees with authority to waive the privilege may waive it on behalf of the corporation. Compare Bus. Integrated Serv., Inc. v. AT & T Corp., 251 F.R.D. 121, 124 (S.D.N.Y. 2008) (the power to waive the corporate attorney-client privilege rests with management and is normally exercised through officers and directors), with Wrench LLC v. Taco Bell Corp., 212 F.R.D. 514, 517 (W.D. Mich. 2002) (lower-level employee lacked authority to waive privilege).

When legal control of an organization passes to new management, the authority to assert or waive the attorney-client privilege flows with corporate control to the new management. See Weintraub, 471 U.S. at 349 (bankruptcy trustee had the power to waive the corporation’s privilege for pre-bankruptcy communications; moreover, “new managers installed as a result of takeover, merger, loss of confidence of shareholders, or simply normal successor may waive the attorney-client privilege [of the corporation]”). Generally, a transfer of assets is not enough to establish control. See MacKenzie-Childs LLC v. MacKenzie-Childs, 262 F.R.D. 241, 248 (W.D.N.Y. 2009) (asset transfer must be accompanied by a transfer of control of the business and management of the acquiring corporation must continue the business of the selling corporation) (citing numerous cases). See also Lynx Servs. Ltd. v. Horstman, No. 3:14CV01967, 2016 WL 4565895, at *2-3 (N.D. Ohio Sept. 1, 2016) (holding that, where substantially all of the assets of a company, including the company’s corporate records, computers, and email servers, were acquired through a “pure asset sale,” privilege did not transfer to purchaser but was instead waived by the company’s voluntary disclosure to purchaser through the asset sale). But see Robinson Medical Contractors, Inc. v. PTC Group Holding Corp., No. 1:15-cv-77-SNLJ, 2017 WL 2021070, at *2-3 (E.D. Mo. May 12, 2017) (parent of a wholly-owned subsidiary could assert privilege on behalf of the subsidiary even after the dissolution of the subsidiary where the parent’s in-house counsel jointly represented both the parent and subsidiary); SimpleAir, Inc. v. Microsoft Corp., No. 2:11-cv-416-JRG, 2013 WL 4574594, at *3 (E.D. Tex. Aug. 27, 2013) (privilege transfers to a purchaser of substantially all of a debtor’s assets, even if the nature of the purchaser’s business is completely different that the debtor’s business).

Thus, when a corporation enters bankruptcy, the trustee in bankruptcy is empowered to assert or waive the attorney-client privilege. See Weintraub, 471 U.S. at 358; Central States, Se. & Sw. Areas Pension Fund v. Nat’l Lumber Co., No. 10 c 2881, 2012 WL 2863478, at *3-5 (N.D. Ill. July 11, 2012) (where a trust mortgage grants trustee the power to wind up business, liquidate assets, and act for the benefit of creditors, even if no bankruptcy petition has been filed, the trustee has the power to waive the attorney-client privilege); cf. In re Bounds, 443 B.R. 729, 734-35 (Bankr. W.D. Tex. 2010) (distinguishing the Supreme Court’s holding in
Weintraub as not applicable to personal bankruptcy cases). Following a bankruptcy, the authority to assert the attorney-client privilege resides in the entity holding all or substantially all of the debtor’s assets, at least where the acquiror continues the business of the debtor. See Wallis v. Centennial Ins. Co., No. 2:08-cv-2558 WBS AC, 2013 WL 4344441, at *8 (E.D. Cal. Feb. 1, 2013) (New York Superintendent of Insurance has the authority to assert the attorney-client privilege on behalf of an insurer that was in the process of being liquidated by the superintendent); United States v. Beckman, Crim. No. 11-228, 2012 WL 1366064, at *1 (D. Minn. Apr. 19, 2012) (receiver can waive the attorney-client privilege); Am. Int’l Specialty Lines Ins. Co. v. NWI-I, Inc., 240 F.R.D. 401, 405-07 (N.D. Ill. 2007) (when newly formed corporation bought substantially all of bankrupt corporation’s assets and continued the business under new management, right to waive bankrupt corporation’s privileges transferred to buying corporation); In re Am. Metrocomm Corp., 274 B.R. 641, 654-55 (Bankr. D. Del. 2002) (privilege controlled by debtor-in-possession); In re Crescent Beach Inn, 37 B.R 894, 896 (Bankr. D. Me. 1984); see also Official Comm. of Admin. Claimants v. Bricker, No. 1:05 CV 2158, 2011 WL 1770113, at *2-3 (N.D. Ohio May 9, 2011) (unsecured creditors committee could assert the attorney-client privilege despite having disbanded as an association several years prior because the court could find no basis for treating the association differently than a dissolved corporation under a statute preserving the privilege for dissolved corporations); City of Rialto v. U.S. Dep’t of Def., 492 F. Supp. 2d 1193, 1201 (C.D. Cal. 2007) (right to assert dissolved corporation’s privileges passed to sole shareholder when shareholder acquired substantially all of dissolved corporation’s assets); In re Behr Dayton Thermal Prods., LLC, 298 F.R.D. 536, 541-43 (Bankr. S.D. Ohio 2014) (where trust agreement provided that attorney-client privilege and work product protections passed from debtors to liquidation trust, the liquidated and dissolved debtor had no standing to assert privilege when liquidation trustee failed to do so); In re Crescent Res., LLC, 457 B.R. 506 (Bankr. W.D. Tex. 2011) (litigation trust became holder of privilege of debtors and debtor’s former parent); In re Harwood P-G, Inc., 403 B.R. 445 (Bankr. W.D. Tex. 2009) (litigation trustee became holder of privilege of both the debtors and the creditors’ committee and could assert those privileges in subsequent litigation brought by the trustee). Similarly, a receiver inherits the position of the client and can decide whether to waive or assert the privilege. See SEC v. Elfindepan, S.A., 169 F. Supp. 2d 420, 430-31 (M.D.N.C. 2001). Cf. In re China Med. Techs., Inc., 539 B.R. 643, 658 (S.D.N.Y. 2015) (authority to assert or waive attorney-client privilege over communications between law firm and audit committee transferred to liquidator upon his appointment, but authority to assert or waive work product protection remained with audit committee’s counsel). In one recent case, a subsidiary company in bankruptcy sought and obtained from the bankruptcy court a stipulation and order to transfer documents protected by the attorney-client privilege to its corporate parent, which was then able to assert privilege as a joint client with respect to matters of common interest. Robinson Mech. Contractors Inc. v. PTC Grp. Holding Corp., Case No. 1:15-CV-77 SNLJ, 2017 WL 2021070, at *2-3 (E.D. Mo. May 12, 2017).

Bankruptcy trustees also control the privilege in reorganizations of partnerships. See United States v. Campbell, 73 F.3d 44, 47-48 (5th Cir. 1996). But see Suntrust Bank v. Blue Water Fiber, L.P., 210 F.R.D. 196, 198-99 & n.3 (E.D. Mich. Aug. 31, 2002) (noting, but not deciding, the “interesting and novel question” of whether successor to limited partnership could waive privilege with respect to conversations with former partners, where successor was adverse to partners in litigation).
Following a merger, the surviving corporation succeeds to the privileges of the pre-merger corporation. See Hoffmann-La Roche, Inc. v. Roxane Labs., Inc., No. 09-6335, 2011 WL 1792791, at *6 (D.N.J. May 11, 2011) (after subsidiary merged with a third party corporation, post-merger corporation could waive privilege for subsidiary’s pre-merger documents); Rayman v. Am. Charter Fed. Sav. & Loan Ass’n, 148 F.R.D. 647, 652 (D. Neb. 1993); Chronicle Publ’g Co. v. Hantzis, 732 F. Supp. 270 (D. Mass. 1990); O’Leary v. Purcell Co., 108 F.R.D. 641, 644 (M.D.N.C. 1985); Great Hill Equity Partners IV, LP v. SIG Growth Equity Funds, LLP, 80 A.3d 155, 162 (Del. Ch. 2013) (in absence of language in acquisition deal documents reserving some of the seller’s privileges, for example attorney-client communications relating to the transaction itself, the company’s privileges follow the transferred assets); see also Parus Holdings, Inc. v. Banner & Witcoff, Ltd., 585 F. Supp. 2d 995 (N.D. Ill. 2008) (holding that attorney-client privilege may be transferred to an acquiring company even though the acquirer purchased only a business line of the seller and not the entire company); Girl Scouts-W. Okla., Inc. v. Barringer-Thomson, 252 P.3d 844, 848-49 (Okla. 2011) (surviving entity from merger of two entities succeeded to the attorney-client privilege of the pre-merger entities).

Similarly, where a corporation purchases another corporation’s subsidiary, the purchasing parent controls the privilege of the subsidiary. See Bass Pub. Ltd. Co. v. Promus Cos., 868 F. Supp. 615, 619-20 (S.D.N.Y. 1994); Medcom Holding Co. v. Baxter Travenol Labs., Inc., 689 F. Supp. 841, 844 (N.D. Ill. 1988). The U.S. Court of Appeals for the Federal Circuit has further held that, “[l]ogically . . . the flipside of that principle is that a successor company can also be subject to its predecessor’s intentional waiver in certain circumstances.” In re OptumInsight, Inc., No. 2017-116, 2017 WL 3096300, at *3 (Fed. Cir. July 20, 2017) (predecessor’s intentional pre-merger waiver extended to successor company’s post-merger communications related to the same subject matter).

Litigation between parent corporations and their subsidiaries creates unique problems with respect to the assertion of the attorney-client privilege. See In re Teleglobe Commc’ns Corp., 493 F.3d 345, 368-69 (3d Cir. 2007). Some courts have held that the privilege may not be waived over a former parent’s objection, at least where the parent and subsidiary have a joint defense agreement related to the subject matter over which the privilege is asserted. See In re Grand Jury Proceedings, 902 F.2d 244, 248-49 (4th Cir. 1990).

The Third Circuit’s decision in Teleglobe addresses a number of issues relating to the privilege among a parent and its subsidiaries. The court’s analysis provides a detailed roadmap for corporate counsel in connection with a number of thorny joint-client, common-interest, and community-of-interest privilege issues. In late 2000, Bell Canada Enterprises, Inc. (“BCE”) directed its wholly owned subsidiary, Teleglobe, Inc. (“Teleglobe”), to borrow $2.4 billion, but then ceased funding Teleglobe in early April 2001, leaving the company without the means to repay its substantial debt. Teleglobe and several of its subsidiaries filed for bankruptcy and brought an adversary proceeding against BCE. Pre-bankruptcy, Teleglobe had consulted with BCE’s in-house attorneys on various matters. In the adversary proceeding, Teleglobe sought discovery of BCE’s counsel’s files, over which BCE asserted privilege. The Special Master ordered that all documents disclosed to in-house counsel, even documents produced by outside counsel hired only to represent BCE, must be produced, and the district court affirmed. The appellate court reversed in part and remanded the case, holding that the district court could
only compel BCE to produce disputed documents pursuant to the adverse-litigation exception to the co-client privilege if it found that BCE and the debtors were jointly represented by the same attorneys on a matter of common interest that was the subject-matter of those documents. The court provided the following guidance:

(1) When in-house counsel represents both the parent and a subsidiary, the privilege is governed by the joint defense/co-client doctrine, not the common interest doctrine. When co-clients become adversaries, the majority rule is that all communications made in the course of the joint representation are discoverable. The court predicted that the Delaware courts would apply the adverse litigation exception to render joint-privileged documents discoverable in all situations, even where one co-client is wholly owned by the other.

(2) Despite imprecise application by other courts, the community-of-interest/common interest privilege applies only to communications between attorneys who separately represent different clients, but who share a common legal interest in the shared communication. It does not apply where clients are jointly represented by a shared attorney.

(3) Courts often find that information sharing within a corporate family does not waive the attorney-client privilege, but they diverge on how they reach this result. The court warned that if the rationale is that a corporate family constitutes one client, or that there is a community of interest, a former subsidiary could access all of its former parent’s privileged communications in litigation in which they are adverse. The better rationale is that members of a corporate family are joint clients, and only communications involving specific representations are at risk.

(4) When the interests of a parent and subsidiary begin to become adverse, any joint representation on the adverse matter should end, both to prevent the subsidiary from being able to invade the parent’s privilege in any litigation that ensues, and to protect the interests of the subsidiary. This does not mean, however, that the parent’s in-house counsel must cease representing the subsidiary on all other matters, because spin-off transactions can be in the works for months or even years, and continuing to share representation on other matters is both proper and efficient.

The court summarized its guidance for in-house counsel: “By taking care not to begin joint representations except when necessary, to limit the scope of joint representations, and seasonably to separate counsel on matters in which subsidiaries are adverse to the parent, in-house counsel can maintain sufficient control over the parent’s privileged communications.”

493 F.3d at 374.

Corporations and in-house counsel must be mindful that joint representation of a parent and subsidiary could cause privilege waiver issues if the subsidiary is ever sold. See, e.g., 625 Milwaukee, L.L.C., v. Switch & Data Facilities Co., No. 06-C-0727, 2008 WL 582564, at *3-5 (E.D. Wis. Feb. 29, 2008) (former subsidiary could discover privileged documents from its former parent where outside counsel had represented both prior to sale and subsidiary had no officers of its own and was controlled solely by the parent corporation); Polycast Tech. Corp.
v. Uniroyal Inc., 125 F.R.D. 47, 49-50 (S.D.N.Y. 1989) (district court ordered production of notes taken by subsidiary’s officer during meeting with parent’s in-house counsel because the subsidiary had been purchased by a new corporation, who then waived the attorney-client privilege with respect to those notes); Medcom Holding, 689 F. Supp. at 842 (similar holding on similar facts). And, as with all matters of attorney-client privilege, good recordkeeping hygiene is paramount to maintaining client confidentiality: In Chemeon Surface Technology, LLC v. Metalast Int’l, Inc., No. 3:15-CV-0294-MMD (VPC), 2016 WL 4967716, at *3 (D. Nev. Sept. 15, 2016), the defendant served as the manager for a limited liability company of the same name and sold all of the LLC’s assets to the plaintiff, including legal files intermingling records of both the LLC and the defendant. The defendant never challenged the plaintiff’s possession of the legal files or attempt to claw them back. In later litigation, when the defendant tried to assert privilege over the files, the court held that it had voluntarily disclosed the privileged communications, resulting in a subject-matter waiver.

Determining who controls the attorney-client privilege when a company transfers less than all of its assets can be difficult. The transfer of limited assets may not carry with it a transfer of the privilege. See Zenith Elecs. Corp. v. WH-TV Broad. Corp., No. 01 C 4366, 2003 WL 21911066, at *1-2 (N.D. Ill. Aug. 7, 2003) (Zenith’s sale of assets to General Instrument, including documents that were privileged while in Zenith’s possession, did not transfer the attorney-client privilege to General Instrument). The transfer of a substantial portion of a company’s assets, however, particularly where it carries with it practical control of a business line, will result in a transfer of authority over the privilege. See Gilday v. Kenra, Ltd., No. 1:09-cv-00229-TWP-TAB, 2010 WL 3928593, at *2 (S.D. Ind. Oct. 4, 2010) (transfer of “substantially all” of a corporation’s assets transfers control of the corporation, including authority to assert the attorney-privilege); Am. Int’l Specialty Lines Ins. Co. v. NWI-I, Inc., 240 F.R.D. 401, 406-07 (N.D. Ill. 2007) (finding it significant that the acquiring entity not only acquired certain assets, but also continued to operate the enterprise it purchased); Soverain Software LLC v. Gap, Inc., 340 F. Supp. 2d 760, 763 (E.D. Tex. 2004) (“If the practical consequences of the transaction result in the transfer of control of the business and the continuation of the business under new management, the authority to assert or waive the attorney-client privilege will follow as well.”); see also Parus Holdings, Inc. v. Banner & Witcoff, Ltd., 585 F. Supp. 2d 995, 1002-03 (N.D. Ill. 2008) (attorney-client privilege transferred to the acquiring corporation when the acquiring corporation purchased and continued to operate an entire corporate division, including taking on all division assets, managers and employees).

communications relating to business operations transferred to the surviving corporation, but privilege over communications between the seller and counsel regarding the transaction remained with the seller).

4. Inferences Drawn From Assertion Of Privilege

At common law, no inference could be drawn against a client asserting the attorney-client privilege. See 26A CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE AND PROCEDURE § 5753 (1st ed. West 2019) (noting “no comment” rule). Recognizing that allowing an opponent to comment on a claim of privilege would seriously undermine the value of the privilege, the Supreme Court in Griffin v. California, 380 U.S. 609, 614 (1965), precluded prosecutors from commenting on an accused’s assertion of the Fifth Amendment privilege against self-incrimination. Other courts have applied a similar rule to assertions of the attorney-client privilege in civil cases. See In re Tudor Assocs., Ltd., II, 20 F.3d 115, 120 (4th Cir. 1994); Parker v. Prudential Ins. Co. of Am., 900 F.2d 772, 775 (4th Cir. 1990); United States ex rel. Barko v. Halliburton Co., 241 F. Supp. 3d 37, 55 (D.D.C. 2017) (holding that valid assertion of privilege cannot create an adverse inference because allowing such a penalty for invocation of the privilege would have “seriously harmful consequences”); In re Gibson, No. 04-11822, 2007 WL 505746, at *3 (Bankr. S.D. Ala. Feb. 14, 2007) (holding that court could not draw negative inference from invocation of privilege, but noting that client must waive privilege if raising her reliance on advice of counsel as a defense.

F. DURATION OF THE PRIVILEGE

In general, once the attorney-client privilege is created it can be invoked at any time unless it has been waived or is subject to an exception. See United States v. United Shoe Mach. Corp., 89 F. Supp. 357, 358 (D. Mass. 1950). The Supreme Court reaffirmed the general rule that the privilege continues even after the termination of the attorney-client relationship and the death of the client. Swidler & Berlin v. United States, 524 U.S. 399, 405-06 (1998) (holding that the privilege continued after the death of a client even where the privileged communications were relevant to a criminal proceeding); N.Y. State Bar Ass’n Ethics Op. 1084 (2016) (information obtained from deceased client that appeared to exonerate client’s co-defendant remained privileged and confidential, notwithstanding deceased client’s conviction and absence of pending proceedings against deceased client, unless deceased client authorized disclosure expressly before death or disclosure was impliedly authorized as consistent with client’s best interests and reasonable under the circumstances); see also 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5498 (1st ed. West 2019); but see HLC Props., Ltd. v. Super. Court, 105 P.3d 560, 567, (Cal. 2005) (holding that, under California law, privilege terminates after natural person’s estate is “finally distributed and his personal representative is discharged”); People v. Vespucci, 745 N.Y.S.2d 391, 395-97 (N.Y. Cnty. Ct. 2002) (recognizing that Swidler & Berlin controls in federal court but that some diversity of opinion exists in state law).

After the client’s death, the administrator or representative of the estate gains the power to assert or waive the deceased’s privilege against third parties. See, e.g., State v. Doe, 803 N.E.2d 777, 780 (Ohio 2004) (holding that decedent’s former wife was statutorily empowered
to waive the privilege and holding decedent’s attorney in contempt for failure to do so following her waiver); see also 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5498 (1st ed. West 2019). Beneficiaries generally do not have standing to assert or waive the privilege. See Burkert v. Equitable Life Assurance Soc’y of Am., 287 F.3d 293, 295-96 (3d Cir. 2002) (analogizing psychotherapist-patient privilege to attorney-client privilege and holding that beneficiaries of deceased client could not assert the privilege on behalf of deceased against insurer). However, many courts refuse to enforce the privilege in will contests. See Remien v. Remien, No. 94 C 2407, 1996 WL 411387, at *3 (N.D. Ill. July 19, 1996); Morrow v. Pappas, 90 N.E.3d 501, 511, 418 Ill. Dec. 343 (Ill. App. 2017) (“Attorney-client privilege generally survives the client’s death, however, the privilege is only a temporary one when presented in cases involving wills.”); Stevens v. Thurston, 289 A.2d 398, 399 (N.H. 1972); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 94 (7th ed. 2016).

For organizations, the general rule is that when the organization ceases to have legal existence such that no one can act in its behalf, the privilege terminates. See Securities and Exchange Comm’n v. Carillo Huetell LLP, No. 13 Civ. 1735(GBD)(JCF), 2015 WL 1610282, at *2-*3 (S.D.N.Y. April 8, 2015) (privilege does not survive dissolution of corporation); TAS Distrib. Co. v. Cummins Inc., No. 07-1141, 2009 WL 3255297, at *2 (C.D. Ill. Oct. 7, 2009) (“Absent some compelling reason to the contrary, the attorney client privilege does not survive the death of the corporation.”); Lewis v. United States, No. 02-2958 B/AN, 2004 WL 3203121, at *4 (W.D. Tenn. Dec. 7, 2004) (same); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 73 cmt. k (2000); 24 CHARLES ALAN WRIGHT & KENNETH W. GRAHAM, JR., FEDERAL PRACTICE & PROCEDURE § 5499 (1st ed. West 2019). See also Lopes v. Vieira, 688 F. Supp. 2d 1050, 1068-69 (E.D. Cal. 2010) (former attorney of corporate entity that, although formally still active and in good standing with Secretary of State, had effectively ceased to function did not have authority to assert entity’s attorney-client privilege). Cf. Official Comm. of Admin. Claimants v. Moran, 802 F. Supp. 2d 947, 949-50 (N.D. Ill. 2011) (stating that courts should look to “practical business realities” rather than technical legal status in determining whether a corporation has “died” for purposes of asserting attorney-client privilege and concluding that plaintiff corporation could assert privilege because it had continued to pursue claim against defendant after it had entered bankruptcy and thus was never entirely defunct). In some cases, courts have emphasized that when the privilege is asserted on behalf of a defunct corporation, it must be for the purpose of protecting the corporation’s interests, not those of individual corporate officers. See, e.g., PCS Nitrogen, Inc. v. Ross Dev. Corp., No. 2:09-3171-MBS, 2011 WL 3665335, at *4 (D.S.C. Aug. 19, 2011) (rejecting assertion of privilege by decision-makers of defunct corporation because they sought to protect their own interests rather than those of the corporation).

The United States District Court for the Western District of Pennsylvania addressed the issue of what happens to the corporation’s privilege where the corporation ceases to function but is still a legal entity. In Gilliland v. Geramita, No. 2:05-CV-01059, 2006 WL 2642525, at *1 (W.D. Pa. Sept. 14, 2006), counsel for the defendant corporation in a securities suit attempted to assert the attorney-client privilege on behalf of the corporation, which – although technically still a valid legal entity – was no longer in operation and had no current directors or officers. Because there were no current officers or directors to assert the privilege on behalf of the corporation, and the former management team was not authorized to assert the privilege,
there was no person with authority to “properly invoke the privilege.” *Id.* at *11. Thus, the documents at issue could not be considered privileged. *Id.* (“The better rule, in the Court’s view, is that there should be a presumption that the attorney-client privilege is no longer viable after the corporate entity ceases to function, unless a party seeking to establish the privilege demonstrates authority and good cause.”); see also *Lewis v. United States*, No. 02-2958 B/AN, 2004 WL 3203121, at *4 (W.D. Tenn. Dec. 7, 2004) (attorney-client privilege does not extend beyond the death of a corporation). *But see Overton v. Todman & Co.*, 249 F.R.D. 147, 148 (S.D.N.Y. 2008) (distinguishing *Gilliland* for a corporation no longer actively in business when it was still listed as “active” with the State Department and former officers asserted privilege in court affidavits).

**G. WAIVING THE ATTORNEY-CLIENT PRIVILEGE**

Even if all the prerequisites for establishing a claim of attorney-client privilege are met, a party can be found to have waived the protection afforded by the privilege. Whenever a client discloses confidential communications to third parties, including government agencies, the disclosure may constitute a waiver both as to the communication that has been disclosed and other communications relating to the same subject. *See The Extent Of Waiver*, § I.G.5, *infra*. In addition, a corporation may be found to have waived the privilege if it has used privileged communications in a manner inconsistent with maintaining their confidentiality.

**1. Burden Of Proof**

Although it is well established that the party asserting the privilege bears the burden of proving that the privilege in fact applies, *see Procedure For Asserting The Privilege*, § I.E.1, *supra*, there is some disagreement among courts regarding how to allocate the burden to establish whether waiver has occurred.

Most courts have held that the absence of waiver is an element of the attorney-client privilege and that the proponent bears the burden of showing that the communication has been kept confidential. *See, e.g.*, *In re Keeper of Records (Grand Jury Subpoena Addressed to XYZ Corp.)*, 348 F.3d 16, 22 (1st Cir. 2003) (“[T]he party who invokes the privilege bears the burden of establishing that it applies to the communications at issue and that it has not been waived.”); *In re VISX, Inc.*, 18 Fed. App’x 821, 823 (Fed. Cir. 2001) (“The privilege holder . . . has the burden of convincing the district court that it has not waived the privilege.”); *United States v. Jones*, 696 F.2d 1069, 1072 (4th Cir. 1982) (“The proponent must establish not only that an attorney-client relationship existed, but also that the particular communications at issue are privileged and that the privilege was not waived.”); *Weil v. Inv./Indicators, Research & Mgmt., Inc.*, 647 F.2d 18, 25 (9th Cir. 1981) (“As with all evidentiary privileges, the burden of proving that the attorney-client privilege applies rests not with the party contesting the privilege, but with the party asserting it. One of the elements that the asserting party must prove is that it has not waived the privilege.”) (internal citation omitted); *In re Horowitz*, 482 F.2d 72, 82 (2d Cir. 1973) (holding that proponent of privilege had not met burden of showing that documents were kept in a manner consistent with intent to maintain confidentiality); see also *United States v. Miller*, 660 F.2d 563, 570-71 (5th Cir. Unit B Nov. 1981) (holding that proponent did not meet burden of showing that disclosure did not constitute waiver), reh’g denied and opinion modified by 675 F.2d 711 (5th Cir. Unit B 1982), and opinion vacated on
other grounds by 685 F.2d 123 (5th Cir. Unit B 1982); United States v. Bump, 605 F.2d 548, 551 (10th Cir. 1979) (holding that because the proponent “makes no showing that the lawyer’s disclosures were without his consent,” proponent had not met burden to prove the privilege applied); Forever Green Athletic Fields, Inc. v. Babcock Law Firm, LLC, Civil Action No. 11-633-JJB-RLB, 2014 WL 29451, at *6 (M.D. La. Jan. 3, 2014) (explaining that, under Louisiana law, “[t]he party asserting privilege has the burden of proving its applicability and that a waiver has not occurred”); HSH Nordbank AG N.Y. Branch v. Swerdlow, 259 F.R.D. 64, 70 (S.D.N.Y. 2009) (under New York law, “the party asserting the privilege also bears the burden of demonstrating that it has not been waived”); Heriot v. Byrne, 257 F.R.D. 645, 658 (N.D. Ill. 2009) (holding that the party asserting the privilege had the burden of proving that disclosure was inadvertent and that privilege therefore had not been waived); Fox v. Massey-Ferguson, Inc., 172 F.R.D. 653, 671 (E.D. Mich. 1995) (“When a producing party claims inadvertent disclosure, it has the burden of proving that the disclosure was truly inadvertent.”); Walton v. Mid-Atl. Spine Specialists, P.C., 694 S.E.2d 545, 549 (Va. 2010) (under Virginia law, the proponent of the privilege has to establish that it was not waived).

In contrast, a few courts have held that the opponent of the privilege bears the burden of showing waiver. See, e.g., Sampson v. Sch. Dist. of Lancaster, 262 F.R.D. 469, 478 (E.D. Pa. 2008) (“As the party challenging the privileged communication, Plaintiff bears the burden of showing that Defendants waived the privilege.”); Texaco, Inc. v. La. Land & Exploration Co., 805 F. Supp. 385, 387 (M.D. La. 1992) (“Once a claim of privilege has been established, then the burden of proof shifts to the party seeking discovery to prove any applicable exception to the privilege.”).

Other courts have concluded that the issue of burden is more nuanced. In Shumaker, Loop & Kendrick, LLP v. Zaremba, 403 B.R. 480 (N.D. Ohio 2009), the court closely examined the case law regarding the burden of proving waiver and applied a burden-shifting framework:

When a claim of privilege through express waiver is raised, burdens shall be distributed as follows: (1) the proponent of the privilege has the burden of demonstrating, by a preponderance of the evidence, that the elements of privilege have been satisfied; (2) the opponent of the privilege must present sufficient evidence upon which a reasonable person may find that the privilege has been waived; (3) if the opponent meets its burden, the proponent of the privilege must disprove each demonstrated claim of waiver by a preponderance of the evidence.

Id. at 484. See also MapleWood Partners, L.P. v. Indian Harbor Ins. Co., 295 F.R.D. 550, 584 (S.D. Fla. 2013) (under Florida law, “[a] party seeking to pierce the privilege need only establish a prima facie case that the client’s privilege was waived. If a waiver has been sufficiently alleged, the party seeking the benefit of the privilege must establish – by a preponderance of the evidence – that the privilege was not waived, as the burden always rests in the final analysis with the party seeking the protection of the privilege.”); Genentech, Inc. v. Insmed Inc., 442 F. Supp. 2d 838, 840 n.2 (N.D. Cal. 2006); First Fed. Sav. Bank of Hegewisch v. United States, 55 Fed. Cl. 263, 267 (Fed. Cl. 2003) (holding that the initial burden to establish privilege is on the party asserting the privilege, that the burden then shifts
to the party opposing the privilege to establish a *prima facie* case of waiver, and that the burden shifts back to the party asserting the privilege to rebut the *prima facie* case).

2. **Consent, Disclaimer And Defective Assertion**

A client can relinquish the protection of the privilege in several ways. The easiest way to abandon the privilege is through consent. Consent acts as a waiver of the privilege and leaves the underlying communications unprotected. *See generally* In re von Bulow, 828 F.2d 94, 101 (2d Cir. 1987) (client’s consent to publish privileged information in book about case resulted in waiver); Long-Term Capital Holdings v. United States, No. 3:01 CV 1290 (JBA), 2002 WL 31934139, at *2 (D. Conn. Oct. 30, 2002); Kenneth S. Broun et al., McCormick on Evidence § 93 (7th ed. 2016); Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure § 5507 (1st ed. West 2019). However, a party must possess the authority to waive the privilege for such a waiver to be effective. *See United States v. Chen*, 99 F.3d 1495, 1502 (9th Cir. 1996) (former employees lack ability to waive corporation’s attorney-client privilege); Oasis Int’l Waters, Inc. v. United States, 110 Fed. Cl. 87, 115 (Fed. Cl. 2013) (contract specialist who worked under contracting officer for Army lacked ability to waive privilege over memorandum drafted by his predecessor); Dukes v. Wal-Mart Stores, Inc., No. 01-cv-2252 CRB (JSC), 2013 WL 1282892, at *5 (N.D. Cal. Mar. 26, 2013) (disclosure of Wal-Mart’s privileged information to opposing counsel and New York Times did not result in waiver of privilege because Wal-Mart did not authorize the disclosures); *see also* Assertion Of The Privilege By Organizations: Employees And Successor Corporations, § I.E.3, *supra*.

Occasionally, a client waives the privilege voluntarily and later attempts to reassert it. In such cases, the client will generally be estopped from relying on the privilege if an adversary has detrimentally relied on the disclaimer or the interests of justice and fairness otherwise require waiver. *See generally* United States v. Blackburn, 446 F.2d 1089, 1091 (5th Cir. 1971) (defendant not permitted to reassert a privilege that he had already waived); John H. Wigmore, Evidence § 2327 (J. McNaughton rev. 1961); Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure § 5507 (1st ed. West 2019). *See also* Reitz v. City of Mt. Juliet, 680 F. Supp. 2d 888, 894-95 (M.D. Tenn. 2010) (“[O]nce the privilege is waived, waiver is complete and final.”) (internal citations omitted); Marchand v. Town of Hamilton, No. 09-10433-LTS, 2010 WL 1257847, at *5 (D. Mass. Mar. 26, 2010) (“knowing and considered limited waiver” not waived).

Waiver can also occur when the client fails to assert the privilege effectively. For example, a client’s failure to object during the presentation of evidence at a hearing or deposition may waive the privilege. *See, e.g.*, Hologram USA, Inc. v. Pulse Evolution Corp., No. 2:14-cv-00772, 2016 WL 3654285, at *3 (D. Nev. July 5, 2016) (defendants waived privilege when they failed to object immediately to plaintiffs’ use of privileged documents as exhibits during a deposition). *See also* Restatement (Third) of the Law Governing Lawyers § 78 cmt. e (2000); Kenneth S. Broun et al., McCormick on Evidence § 93 (7th ed. 2016); Asserting The Privilege, § I.E, *supra*. Failure of the client to guard the privilege jealously generally constitutes a waiver. *See Disclosure To Third Parties: Intentional Disregard Of Confidentiality, § I.G.3.a, infra.*
In the corporate context, a question may arise regarding who has the authority to waive the privilege when the corporation’s management, through counsel, makes it clear that the corporation does not intend to waive its privileges. In *In re Grand Jury Proceedings*, 219 F.3d 175 (2d Cir. 2000), the Second Circuit considered two matters of first impression: (1) whether a corporate officer can impliedly waive the corporation’s attorney-client and work product privileges in his grand jury testimony, even though the corporation has explicitly refused such a waiver; and, if the answer is yes, (2) what factors a district court should consider in deciding whether a waiver has occurred. The case arose out of an ongoing grand jury investigation into allegedly illegal sales of firearms and other contraband by Doe Corp. In response to the grand jury’s subpoena in which it formally requested Doe Corp. to waive its attorney-client and work product privileges, Doe Corp. decided not to waive its privileges and so notified the government. *Id.* at 180. The grand jury subsequently subpoenaed four Doe Corp. employees, including its CEO and its chief in-house counsel. *Id.* Although the CEO invoked the attorney-client privilege on several occasions during his testimony, he made eight references to counsel’s advice, including a number of specific statements about counsel’s recommendations. The government contended that Doe Corp. lost its privileges primarily as a result of the grand jury testimony of the CEO and counsel. *Id.* The trial court agreed and granted the government’s motion to compel. *Id.* at 181-82.

The Second Circuit vacated the trial court’s order and remanded for further review based on the detailed discussion in its opinion. Citing *In re von Bulow*, 828 F.2d 94, 103 (2d Cir. 1987), and *United States v. Bilzerian*, 926 F.2d 1285, 1292 (2d Cir. 1991), the court acknowledged that implied waiver may be found where a privilege holder “asserts a claim that in fairness requires examination of protected communications.” *In re Grand Jury Proceedings*, 219 F.3d at 182. Fairness considerations arise when a party attempts to use the privilege both as “a shield and a sword.” *Id.* Ordinarily, the authority to assert and waive the corporation’s privileges rests with the corporation’s management and is exercised by its officers and directors. *Id.* at 183-84 (citation omitted). Unlike prior cases, however, in the case before the court the corporation clearly asserted its privilege and did not deliberately disclose any privileged material, but its CEO, in contravention of the corporation’s instructions, arguably waived that privilege in his grand jury testimony. *Id.* at 184.

The court rejected the parties’ competing requests for a *per se* rule that a corporate officer can or cannot waive a privilege asserted by the corporation. *Id.* at 185. Instead, it held that an implied waiver should be analyzed case-by-case based on “fairness principles.” *Id.* Skeptical on the facts before it that the CEO’s testimony had waived Doe Corp.’s privileges, the court instructed the trial court to consider on remand, among other things, the following issues: (1) the CEO was subpoenaed in his individual capacity and not as a corporate representative; (2) the CEO’s interest in exculpating his own conduct may have overridden his fidelity to the corporation; (3) the CEO was not counseled and had no legal training; (4) Doe Corp. did not disclose privileged material to the government and did not take any affirmative steps to inject privileged materials into the litigation; and (5) the apparent lack of prejudice to the government. *Id.* at 189-90. “These circumstances viewed in isolation suggest to us it would be unfair to find, on the basis of Witness’s testimony, that Doe Corp. had waived its entitlement to preserve the confidentiality of its communications with its attorneys.” *Id.* at 190. *See also United States v. Wells Fargo Bank N.A.*, No. 12-CV-7527, 2015 WL 3999074, at *3-4 (S.D.N.Y. June 30, 2015) (in SEC civil enforcement action against bank and bank
employee, employee was prohibited from asserting advice of counsel defense over bank’s assertion of privilege; court explained that the attorney-client privilege is not subject to a balancing test).

In the event that the trial court found waiver on remand, the court indicated that only partial waiver may be appropriate: “as the animating principle behind waiver is fairness to the parties, if the court finds that the privilege was waived, then the waiver should be tailored to remedy the prejudice to the government.” Id. at 188. Because the testimony was given before a grand jury, an “extrajudicial” context, limited waiver may be appropriate. Id. at 189. See also Pensacola Firefighters’ Relief & Pension Fund Bd. of Dirs. v. Merrill Lynch, Pierce, Fenner & Smith, Inc., No. 3:09cv53/MCR/MD, 2010 WL 4683935, at *5, *7 (N.D. Fla. Nov. 10, 2010) (statements made by employee to company clients regarding internal investigation did not waive privilege where there was no evidence employee had authority to waive the privilege, his statements were self-serving, and employee had not attempted to use disclosure to obtain litigation advantage, as no litigation was imminent at the time). Partial waiver may also be appropriate because the testimony was given early in the grand jury proceedings, at a time when the government may have had other witnesses and evidence, thus limiting the prejudice to the government. In re Grand Jury Proceedings, 219 F.3d at 189; see also United States v. Agnello, 135 F. Supp. 2d 380, 384-85 (E.D.N.Y. 2001) (distinguishing In re Grand Jury Proceedings on the basis that the corporation at issue was the alter ego of the party waiving the privilege and the waiver had not been compelled).

3. Disclosure To Third Parties

   a. Intentional Disregard Of Confidentiality

To be privileged, a communication must be made in confidence. See Communications Must Be Intended To Be Confidential, § I.C, supra. To stay privileged, the communication must remain confidential. As a general rule, disclosure of privileged communications to a person outside the attorney-client relationship manifests indifference to confidentiality and waives the protection of the privilege. See Maday v. Pub. Libraries of Saginaw, 480 F.3d 815, 821 (6th Cir. 2007) (disclosure to social worker waives privilege); Montana for Cmty. Dev. v. Motl, No. CV 14-55-H-DLC, 2016 WL 922785, at *2-3 (D. Mont. Mar. 10, 2016) (in absence of non-waiver agreement, privilege over unredacted discovery materials including notebooks and investigative reports prepared during an investigation was waived where commissioner allowed an adverse party to inspect the notebooks and investigative reports); Curto v. Med. World Commc’ns, Inc., 783 F. Supp. 2d 373, 378 (E.D.N.Y. 2011) (plaintiff waived attorney-client privilege by serving otherwise privileged documents directly on defendant’s counsel); Lenz v. Universal Music Corp., No. C 07-03783 JF (PVT), 2010 WL 4286329, at *3-5 (N.D. Cal. Oct. 22, 2010) (plaintiff waived the privilege by disclosing her legal strategies and motivation for pursuing the action on her blog and through emails and Gmail Chat conversations); In re Omeprazole Patent Litig., 227 F.R.D. 227, 230-31 (S.D.N.Y. 2005) (holding that testifying expert was outside the privileged zone and disclosure to expert waived the privilege); In re Air Crash Disaster, 133 F.R.D. 515, 518 (N.D. Ill. 1990); First Wis. Mortg. Trust v. First Wis. Corp., 86 F.R.D. 160, 171 (E.D. Wis. 1980) (disclosures to other persons in the privileged relationship, such as a privileged agent, do not cause waiver); Dalen v. Ozite Corp., 594 N.E.2d 1365, 1370 (Ill. App. Ct. 1992) (disclosure inconsistent with
confidentiality waives privilege). Disclosure to an attorney, where the attorney is not acting in a legal capacity, also causes a waiver. See United States v. Frederick, 182 F.3d 496, 500-01 (7th Cir. 1999), cert. denied, 528 U.S. 1154, 120 S. Ct. 1197 (2000); see also Lopes v. Viera, 719 F. Supp. 2d 1199, 1203 (E.D. Cal. 2010) (discussing the Frederick approach favorably).

See:

GFI, Inc. v. Franklin Corp., 265 F.3d 1268, 1273 (Fed. Cir. 2001). Attorney’s testimony as to client’s state of mind put attorney communications at issue and waived privilege as to the issues covered.

Nguyen v. Excel Corp., 197 F.3d 200, 207 (5th Cir. 1999). Selective disclosure of privileged information to third party not rendering legal services waives attorney-client privilege.

Reed v. Baxter, 134 F.3d 351, 357-58 (6th Cir. 1998). Disclosure to attorney in the presence of a third party negates confidentiality and constitutes waiver.

United States v. Evans, 113 F.3d 1457, 1462 (7th Cir. 1997). The attorney-client privilege does not apply to statements made between a client and his attorney in the presence of a third party who is not an agent of either the client or attorney.

United States v. Melvin, 650 F.2d 641, 645 (5th Cir. 1981). Disclosures made in the presence of third parties remove confidentiality and result in waiver.

Doe I v. Baylor University, 320 F.R.D. 430, 440-41 (W.D. Tex. 2017). University waived attorney-client privilege over investigation where it repeatedly released counsel’s factual findings and recommendations and affirmatively used them in related litigation.

Roe v. Catholic Health Initiatives Colo., No. 11-cv-02179, 2012 WL 1205521, at *6-7 (D. Colo. Apr. 11, 2012). Attorney’s communication of client confidences to potential witnesses for the purpose of soliciting consent to representation by attorney constituted waiver. At the time the memoranda were communicated to the potential clients, the recipients had not requested the representation and were third parties outside the protection of the attorney-client privilege.

Ariz. ex rel. Goddard v. Frito-Lay, Inc., 273 F.R.D. 545 (D. Ariz. 2011). By issuing a reasonable cause determination under the signature of one of its attorneys, state civil rights agency publicly disclosed attorney’s legal opinion and therefore waived any attorney-client privilege it may have had concerning its investigation of discrimination complaint or preparation of agency’s reasonable cause determination.

Soc'y of Prof'l Eng'g Emps. in Aerospace, IFPTE Local 2001 v. Boeing Co., Nos. 05-1251-MLB, 07-1043-MLB, 2010 WL 1141269, at *3-6 (D. Kan. Mar. 22, 2010). Company’s disclosure of pre-transaction privileged documents to acquirer of business unit waived the attorney-client privilege. In order to facilitate the sale of the business unit, the company provided email services to 8,000 former company employees until the acquirer created its own email system. Although the company faced a dilemma regarding how to handle pre-transaction email accounts and made an “educated business decision” not to screen them for privileged material due to cost, the court was unwilling to recognize a “business decision” exception to the general rule that disclosure of privileged material to a third party waives the privilege.

Trestman v. Axis Surplus Ins. Co., Nos. 06-11400 & 07-1305, 2008 WL 1930540, at *3-4 (E.D. La. Apr. 29, 2008). Defendant insurance company waived privilege as to an opinion letter from its attorney by partially disclosing the substance of its contents in a letter to plaintiff explaining defendant’s decision to deny coverage, as well as by pleading the defenses that defendant’s actions were “reasonable in light of the circumstances” and that defendant “adjusted the plaintiff’s claim in good faith.”
Disclosure to client’s agent may not waive the privilege if client has a subjectively reasonable expectation of confidentiality and disclosure was necessary to obtain informed legal advice.


Stirum v. Whalen, 811 F. Supp. 78, 82 (N.D.N.Y. 1993). Privilege cannot be used to prevent disclosure of communications that were conveyed between client and attorney in the presence of third parties or later released to third parties.


Byrnes v. Jetnet Corp., 111 F.R.D. 68, 72 (M.D.N.C. 1986). A corporate client waives the privilege when it restates the substance of the privileged communications in an unprivileged internal communication.

Chubb Integrated Sys., Ltd. v. Nat’l Bank, 103 F.R.D. 52, 63 (D.D.C. 1984). Disclosure of attorney-client communications to an adversary waived the privilege when the adversary learned the gist of the privileged communication. In this case, the privilege was waived even though the adversary was involved in litigation unrelated to the communication.

In re Peter, Susan & Steven Lindner Irrevocable Trust, No. C-02-07, 2011 WL 721967, at *6-7 (N.J. Super. Ct. App. Div. Mar. 3, 2011). Court held that a party waived privilege over otherwise privileged communications when he submitted them in camera with a request for relief—i.e., that the court vacate a settlement agreement because he had not consented to its terms. Appellate court held that, by submitting the privileged emails to the court for the purpose of having the court rely on their content, party had waived privilege.

But see:

Roth v. Aon Corp., 254 F.R.D. 538, 541 (N.D. Ill. 2009). “[M]ost courts have found that even when a final product is disclosed to the public, the underlying privilege attached to drafts of the final product remains intact.”


Akamai Techs., Inc. v. Digital Island, Inc., No. C-00-3508 CW(JCS), 2002 WL 1285126, at *9 (N.D. Cal. May 30, 2002). Provision of attorney’s memo summarizing legal issues related to claim did not waive privilege when document was provided as part of settlement discussions and pursuant to agreement that its use would be limited to such discussions.

In these cases, the determinative factor is not the client’s subjective intention to waive the privilege. 8 JOHN H. WIGMORE, EVIDENCE § 2327 (J. McNaughton rev. 1961) (“A privileged person would seldom be found to waive, if his intention not to abandon could alone control the situation. There is always also the objective consideration that when his conduct
touches a certain point of disclosure, fairness requires that his privilege shall cease whether he intended that result or not. He cannot be allowed, after disclosing as much as he pleases, to withhold the remainder.

see also RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 79 cmt. f (2000); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 93 (7th ed. 2016); 3 JACK W. WEINSTEIN ET AL., WEINSTEIN’S FEDERAL EVIDENCE § 511.04 (Lexis 2014); accord Weil v. Inv. Indicators, Research & Mgmt., Inc., 647 F.2d 18, 24 (9th Cir. 1981) (subjective intent is but one factor to consider). Instead, the court will inquire whether the client’s acts were: (1) voluntary and (2) substantially in disregard of confidentiality. Only voluntary acts can effectuate waiver. Thus, if the court finds that the client acted under duress or deception, then the privilege will not be waived. Shields v. Sturm, Ruger & Co., 864 F.2d 379, 382 (5th Cir. 1989) (disclosure compelled by court does not waive privilege with respect to third parties); Cobell v. Norton, 213 F.R.D. 69, 76 (D.D.C. 2003) (no waiver where Department of the Interior turned privileged documents over to court-appointed monitor pursuant to court order); SEC v. Forma, 117 F.R.D. 516, 523 (S.D.N.Y. 1987) (deception by government makes disclosure involuntary and prevents waiver); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 79 cmt. e (2000). The primary determination is whether the party has safeguarded the confidential nature of the communications. To make this finding, the court determines whether the client’s acts and the circumstances of the case objectively demonstrate the proper respect for confidentiality.

See:

Cohen v. Cohen, No. 09 Civ. 10230 (LAP), 2015 WL 745712, at *3-4 (S.D.N.Y. Jan. 30, 2015). Applying New York law, court held communications between plaintiff and her litigation funder were not privileged. The court found that the funder was neither a consulting agent of counsel, nor did she share a common legal interest with plaintiff, with whom she had a common financial interest.

Miller UK Ltd. v. Caterpillar, Inc., 17 F. Supp. 3d 711, 732-34 (N.D. Ill. 2014). Plaintiff’s disclosure of privileged communications and documents, including damage estimates, summaries, and worksheets prepared by plaintiff and its attorneys, to potential third-party litigation funders acted as a waiver. The court rejected plaintiff’s common interest argument, finding that the funders shared a common business interest in the potential investment, but they did not share a common legal interest with plaintiff.


Bowles v. Nat’l Ass’n of Home Builders, 224 F.R.D. 246, 254-55 (D.D.C. 2004). Disclosure of documents in settlement negotiations established subject matter waiver of privilege when the defendant waited fifteen months to claim the privilege and attempted to recover the documents. Such lax treatment of the allegedly privileged material did not reflect the “zealous” protection required under the law.

In re Copper Mkt. Antitrust Litig., 200 F.R.D. 213, 219 (S.D.N.Y. 2001). Disclosure of confidential information to third-party PR firm did not waive privilege where PR firm was effectively operating as part of client’s staff. Firm regularly consulted with client’s counsel regarding public statements on client’s behalf.

Waste Mgmt., Inc. v. Int’l Surplus Lines Ins. Co., 596 N.E.2d 726, 730 (Ill. App. Ct. 1992). The fact that an internal letter had no indications that it should be kept confidential and had been accessible to the community in a public court file demonstrated waiver of privilege.

Parnes v. Parnes, 915 N.Y.S.2d 345, 348-50 (N.Y. App. Div. 2011). In divorce proceeding, court held that husband waived privilege with respect to a hard copy of an email with his attorney that he left on a desk in the marital home, but he did not waive privilege with respect to password protected emails that his wife discovered by using his personal password.

The extent to which privileged contents are revealed will also affect the waiver determination. To cause waiver, the non-privileged listener or receiver must learn a significant portion of the privileged communication. Chubb Integrated Sys., Ltd. v. Nat’l Bank, 103 F.R.D. 52, 63 (D.D.C. 1984) (disclosure of attorney-client communications waive the privilege when the listener learns the gist of the privileged communication); In re M&L Bus. Mach. Co., 161 B.R. 689, 693 (Bankr. D. Colo. 1993) (privilege is lost if the substance of the confidential communication is disclosed to a third party). Thus, referring in general terms to a prior conversation with an attorney does not usually abrogate the privilege. See Restatement (Third) of the Law Governing Lawyers § 79 cmt. e (2000).

See also:

United States v. O’Malley, 786 F.2d 786, 793-94 (7th Cir. 1986). Privilege attaches to communication of information rather than the information itself. “[A] client does not waive his attorney-client privilege merely by disclosing a subject which he had discussed with his attorney. . . . In order to waive the privilege, the client must disclose the communication with the attorney itself.”

Stein v. Tri-City Healthcare District, No. 12CV2524 BTM(BGS), 2014 WL 12695385, at *2 (S.D. Cal. Dec. 5, 2014). “The attorney-client privilege attaches to the content of the communications between the client and attorney, not the fact or general topic of the confidential communication.”

Sullivan v. Warminster Twp, 274 F.R.D. 147, 149-50 (E.D. Pa. 2011). Police chief’s limited statement during a press conference that outside counsel’s investigation revealed no misconduct and that police department had “gotten a clean bill of health on everything” waived privilege only with respect to specific communications between counsel and client, not with respect to entire investigation.

Allstate Ins. Co. v. Levesque, 263 F.R.D. 663, 666-67 (M.D. Fla. 2010). Under Florida law, a client’s general and limited statements about the nature of his communications with his lawyer are not substantive disclosures that waive the privilege. At a deposition, when asked how he received particular information, the client said from his lawyer but gave no further details.

EEOC v. Johnson & Higgins, Inc., No. 93 CIV. 5481 (LBS), 1998 WL 778369, at *10 (S.D.N.Y. Nov. 6, 1998). Disclosure of existence of draft affidavit during deposition waived privilege as to particular draft but, because substance of attorney-client communications were not disclosed, did not affect subject matter waiver of related conversations between attorney and client.

detailed revelation of the advice or attempt to use the partial disclosure to the prejudice of the opposing side.


Ctr. Partners, Ltd. v. Growth Head GP, LLC, 981 N.E.2d 345, 366 (Ill. 2012). Testimony about the existence of legal advice, without disclosing the actual content or basis, did not waive privilege over the advice.

b. Disclosure Within A Corporation

As a result of the United States Supreme Court’s ruling in Upjohn, federal common law protects communications between counsel and lower-level employees when the communication may assist counsel to provide legal advice to the corporation. But once the corporation has obtained legal advice from its attorney, can it disclose that privileged communication to lower-level employees without waiving the privilege? Some courts allow disclosure to lower-level employees, but only on a “need to know” basis. See Confidentiality Within Organizations, § I.C.2, supra.

One issue that frequently arises in the context of corporate internal investigations is whether an audit committee or special litigation committee and their counsel may communicate their investigation findings and related investigatory materials to the company’s board of directors without waiving otherwise applicable privileges. An audit committee or special litigation committee may establish an attorney-client privilege with counsel engaged by the committee. See, e.g., In re BCE W., L.P., No. M-8-85, 2000 WL 1239117, at *2 (S.D.N.Y. Aug. 31, 2000) (“It is counterintuitive to think that while the Board permitted the Special Committee to retain its own counsel, the Special Committee would not have the benefit of the attorney-client privilege inherent in that relationship or that the Board of Directors or management, instead of the Special Committee, would have control of such privilege.”); Ryan v. Gifford, Civil Action No. 2213-CC, 2007 WL 4259557, at *3 (Del. Ch. Nov. 30, 2007) (“There appears no dispute that, absent waiver or good cause, the attorney-client privilege protects communications between [outside counsel] and its client, the Special Committee.”). The few courts that have addressed the issue disagree regarding whether disclosure of the audit committee’s investigation findings to the company’s board of directors waives the privilege.

Compare:

In re BCE W., L.P., No. M-8-85, 2000 WL 1239117, at *2 (S.D.N.Y. Aug. 31, 2000). Communications with the Board “were part of the transaction process” and did not destroy the special committee’s privilege.


With:

SEC v. Roberts, 254 F.R.D. 371, 378 n.4 (N.D. Cal. 2008). Communications between counsel for the Special Committee and the company’s Board of Directors were not privileged. “The court notes that not only is the Board not [the Special Committee counsel’s] client such that the attorney-client privilege
does not attach, the Board also does not have a common interest with the Special Committee since it was the Special Committee’s mandate to ascertain whether members of the Board may have engaged in wrongdoing.”

Ryan v. Gifford, Civil Action No. 2213-CC, 2007 WL 4259557, at *3-4 (Del. Ch. Nov. 30, 2007); Ryan v. Gifford, Civil Action No. 2213-CC, 2008 WL 43699, at *5-6 (Del. Ch. Jan. 2, 2008). In response to shareholder derivative action, company formed Special Committee, comprised of on independent director, which engaged outside counsel, who conducted an investigation with the assistance of forensic accountants, reviewed more than 300,000 documents, and conducted more than 30 interviews, but did not prepare a written report. Counsel made an oral presentation to a meeting of the Board of Directors attended by members of the Board who were defendants in the derivative action, and the Board member’s individual attorneys. Thereafter, the company publicly disclosed certain aspects of the report, privately disclosed additional details to NASDAQ, relied on the investigation in defense to a motion for summary judgment, and then attempted to withdraw reliance on the investigation. On several grounds, including the Garner doctrine, the court held that privilege over the investigation report was waived. Among other things, the court found that the presence during counsel’s presentation of defendant Board members, who were acting in a personal rather than fiduciary capacity, waived the privilege.

See also:

BSP Software, LLC v. Motio, Inc., No. 12 C 2100, 2013 WL 3456870, at *2-3 (N.D. Ill. July 9, 2013). Company’s disclosure of privileged materials to an advisory board waived attorney-client privilege. It was undisputed that the role of the advisory board was to “impart business and financial advice” and that the advisory board would have no binding authority over the company. The court declined to treat the advisory board members as the “functional equivalent” of company employees, noting that it was doubtful the Seventh Circuit would endorse the doctrine and, even if the doctrine were applicable, the company had failed to meet the functional equivalent test as applied by other jurisdictions.


c. Disclosure To Auditors

In general, an auditor is considered a non-privileged party under federal law. *Couch v. United States*, 409 U.S. 322, 334 (1973). Thus, under federal law, disclosure of privileged information to auditors will waive the attorney-client privilege.

See:

*Chevron Corp. v. Pennzoil Co.*, 974 F.2d 1156, 1162 (9th Cir. 1992). Disclosure of tax counsel’s privileged memoranda to auditors waived privilege with respect to documents actually disclosed.

*United States v. El Paso Co.*, 682 F.2d 530, 540 (5th Cir. 1982). Disclosure of tax pool analysis and underlying documentation to outside accountants for tax audit purposes waived attorney-client privilege.

*In re John Doe Corp.*, 675 F.2d 482, 488-89 (2d Cir. 1982). Conversations between attorney and the corporation’s accountant for the purpose of a financial statement audit waived the privilege with respect to the contents of the conversation.

Where company had engaged an independent auditor to conduct two reviews, one that was privileged and one that was not, the company failed to satisfy its burden of demonstrating that the attorney-client privilege protected certain interview memoranda that were generated during the privileged review, because the company had not offered proof that those memoranda were not subsequently used for the purposes of the non-privileged review.


First Fed. Savs. Bank v. United States, 55 Fed. Cl. 263, 269-70 (Fed. Cl. 2003). Disclosure of unredacted corporate board meeting minutes containing privileged documents to accounting firm during firm’s performance of special accounting procedures did not waive the attorney-client privilege, because accounting firm was assisting law firm in providing savings and loan with legal advice regarding defalcation by corporate officer; however, subsequent disclosure of those same unredacted board minutes during an annual audit waived the privilege, because that disclosure did not have a legal purpose.

Where, however, counsel retains an auditor to assist in providing legal advice, the auditor acts as a privileged agent. See Wagoner v. Pfizer, Inc., No. 07-1229-JTM, 2008 WL 821952, at *4 (D. Kan. Mar. 26, 2008) (holding that notes and summaries of interviews of defendant’s employees prepared by a member of defendant’s internal audit group at the direction of defendant’s in-house counsel were privileged, even though there was no evidence that any attorney ever received or was an intended recipient of the notes, because a non-attorney gathering information at the direction of counsel falls within the privilege); U.S. ex rel. Robinson v. Northrop Grumman Corp., No. 89 C 6111, 2002 WL 31478259, at *4 (N.D. Ill. Nov. 5, 2002); see also Defining Privileged Agents, § I.B.3, supra.

States provide varying degrees of protection for communications between auditors/accountants and their clients. Where the applicable rule will be state law rather than federal law, these communications may remain privileged. See generally DAVID M. GREENWALD, ROBERT R. STAUFFER & ERIN R. SCHRANTZ, TESTIMONIAL PRIVILEGES (Thomson Reuters 2017) § 3:6; see, e.g., Sherman v. Ryan, 911 N.E.2d 378, 400-02 (Ill. App. Ct. 2009) (holding that attorney-client and work product privileges not waived despite disclosure to outside auditors and financial advisors, considering Illinois statute establishing accountant-client privilege). The work product doctrine may apply to materials disclosed to auditors even if the attorney-client privilege is waived by the disclosure. See Waiver of Work Product Protection: Disclosure To Auditors, § III.E.3, infra.

4. Authority To Waive Privilege

The attorney-client privilege belongs to the client and it is the client’s right to waive. In re Asia Global Crossing, Ltd., 322 B.R. 247, 255 (Bankr. S.D.N.Y. 2005). In addition to the client, an authorized agent has the power to waive the privilege for the client. See Interfaith Hous. Del., Inc. v. Town of Georgetown, 841 F. Supp. 1393, 1399 (D. Del. 1994) (an agent can only waive a corporation’s privilege if the agent is acting within the scope of her authority); see also United States v. Yielding, 657 F.3d 688, 707 (8th Cir. 2011) (personal representative of a deceased client generally may waive the client’s attorney-client privilege, but “only when the waiver is in the interest of the client’s estate and would not damage the client’s reputation”);
Duration Of The Privilege, § I.F, supra. A lawyer is generally considered to possess the implied authority to disclose confidential client communications in the course of representing the client. Restatement (Third) of the Law Governing Lawyers § 79 cmt. c (2000); 8 John H. Wigmore, Evidence § 2325 (J. McNaughton rev. 1961); see also United States v. Martin, 773 F.2d 579, 583-84 (4th Cir. 1985); Velsicol Chem. Corp. v. Parsons, 561 F.2d 671, 674-75 (7th Cir. 1977). As a result, a lawyer’s disclosure of a communication in the course of conducting the case generally waives the privilege if the lawyer has the apparent or actual authority to disclose such information. See Kevlik v. Goldstein, 724 F.2d 844, 850 (1st Cir. 1984); Kenneth S. Broun et al., McCormick on Evidence § 93 (7th ed. 2016); 8 John H. Wigmore, Evidence § 2325 (J. McNaughton rev. 1961). See also In re Sealed Case, 877 F.2d 976, 980 (D.C. Cir. 1989) (inadvertent production by attorney waived privilege). See also Hobley v. Burge, 226 F.R.D. 312, 314 (N.D. Ill. 2005), vacated on other grounds, 433 F.3d 946 (7th Cir. 2006); Harold Sampson Children’s Trust v. Linda Gale Sampson 1979 Trust, 679 N.W.2d 794, 800 (Wis. 2004) (where attorney did not hold the privilege and the client did not direct the disclosure, attorney’s error did not result in waiver).

A lawyer cannot maintain the privilege after it has been waived by the client. However, if an attorney discloses documents in discovery because she failed to recognize the privileged nature of the documents, the privilege may not be waived.

For organizational clients, the authority to waive the attorney-client privilege rests with the corporation’s management and is normally exercised by its officers and directors. Commodity Futures Trading Comm’n v. Weintraub, 471 U.S. 343, 348 (1985); see also United States v. Chen, 99 F.3d 1495, 1502 (9th Cir. 1996) (communication between former employee and government did not waive privilege because former employee never had authority to waive); United States v. Wells Fargo Bank, N.A., 132 F. Supp. 3d 558, 563-66 (S.D.N.Y. 2015) (in a civil matter, employee did not have authority to waive company’s privilege over the company’s objection and employee could not pursue an advice-of-counsel defense because it would put the company’s privilege “at issue” and result in waiver); Brinckerhoff v. Town of Paradise, No. CIV. S-10-0023 MCE GGH, 2010 WL 4806966, at *5 (E.D. Cal. Nov. 18, 2010) (dissident directors, former employees, and employees outside the control group cannot waive the privilege); Galli v. Pittsburg Unified Sch. Dist., No. C 09-3775 JSW (JL), 2010 WL 4315768, at *4-5 (N.D. Cal. Oct. 26, 2010) (holding that only the school district’s board may waive the privilege, not an individual board member or ex-employee) (citing Chen); Oasis Int’l Waters, Inc. v. United States, 110 Fed. Cl. 87, 112-13 (Fed. Cl. 2013) (although contracting officers may have authority to waive government’s privilege, contract specialists, project managers, and other contract personnel may not have such authority). Managers must exercise the privilege in a manner that is consistent with their fiduciary duties to act in the best interests of the corporation and not for themselves as individuals. Weintraub, 471 U.S. at 348-49.

Whether a specific manager or employee has the authority to waive the privilege depends on whether the employee has been delegated express or implied authority to waive the privilege. Bus. Integration Servs. v. AT&T, 251 F.R.D. 121, 125-27 (S.D.N.Y. 2008), aff’d, No. 06 Civ. 1863 (JGK), 2008 WL 5159781 (S.D.N.Y. Dec. 9, 2008) (a non-executive manager lacked authority to waive the attorney-client privilege); Denney v. Jenkens & Gilchrist, 362 F. Supp. 2d 407, 414-15 (S.D.N.Y. 2004) (a partner authorized to represent the partnership with respect to tax shelters had sufficient authority to waive the attorney-client
privilege over an internal opinion discussing such shelters); see also Pensacola Firefighters’ Relief & Pension Fund Bd. of Dirs. v. Merrill Lynch, Pierce, Fenner & Smith, Inc., No. 3:09cv53/MCR/MD, 2010 WL 4683935, at *5-6 (N.D. Fla. Nov. 10, 2010) (an employee’s job title alone does not establish an employee’s authority to waive the privilege).

In-house counsel has been found to possess the implied authority to waive the organization’s privilege. See Velsicol Chem. Corp. v. Parsons, 561 F.2d 671, 674 (7th Cir. 1977); In re Grand Jury Subpoenas Dated Dec. 18, 1981, 561 F. Supp. 1247, 1254 n.3 (E.D.N.Y. 1982). Although courts hold that employees, other than officers and attorneys, generally lack the authority to waive the attorney-client privilege, a corporation must act quickly to assert the privilege and mitigate any unauthorized disclosure by such employees or risk ratifying the otherwise ineffective waiver. Bus. Integration Servs. v. AT&T, 251 F.R.D. 121, 125-27 (S.D.N.Y. 2008), aff’d No. 06 Civ. 1863(JGK), 2008 WL 5159781 (S.D.N.Y. Dec. 9, 2008) (although a non-executive manager lacked the authority to waive the attorney-client privilege, the court found that the corporation’s in-house counsel ratified the waiver when he did not assert the privilege or take action to protect the communication after he became aware of the disclosure).

At least one court has held that a corporation may unilaterally waive the attorney-client privilege and work product protection with respect to any communications made by a corporate officer in his corporate capacity, notwithstanding the existence of an individual attorney-client relationship between him and the corporation’s counsel. In re Grand Jury Subpoena, 274 F.3d 563, 573 (1st Cir. 2001); see also United States v. Stein, 463 F. Supp. 2d 459, 463 (S.D.N.Y. 2006) (holding that a partnership had the authority to waive the attorney-client privilege with respect to communications between partnership counsel and one of its partners).

When control of a corporation passes to new management, the authority to assert and waive the corporation’s attorney-client privilege passes as well. Commodity Futures Trading Comm’n v. Weintraub, 471 U.S. 343, 349 (1985) (“New managers . . . or simply normal succession may waive the attorney-client privilege with respect to communications made by former officers and directors.”); In re Grand Jury Subpoenas 89-3 & 89-4, 902 F.2d 244, 248 (4th Cir. 1990); United States v. Schwimmer, 892 F.2d 237, 243 (2d Cir. 1989); In re Behr Dayton Thermal Prods., LLC, 298 F.R.D. 536, 543 (S.D. Ohio 2014) (liquidated corporation lacked standing to claim privilege over formerly controlled documents); Meoli v. Am. Med. Serv., 287 B.R. 808, 815-17 (S.D. Cal. 2003). Thus, a manager’s power to waive the corporation’s attorney-client privilege terminates when the manager loses his job. Weintraub, 471 U.S. at 349 (displaced personnel have no further control over the privilege); In re Hechinger Inv. Co., 285 B.R. 601, 610 (D. Del. 2002) (same); Allen v. Burns Fry, Ltd., No. 83 C 2915, 1987 WL 12199 (N.D. Ill. June 4, 1987); see also Criswell v. City of O’Fallon, No. 4:06CV01565 ERW, 2008 WL 250199 (E.D. Mo. Jan. 29, 2008) (defendant (city) could assert attorney-client privilege regarding privileged communications between the plaintiff, a former employee of the city, and two city attorneys, while plaintiff was employed by the city); Las Vegas Sands v. Eighth Judicial Dist. Court, 331 P. 3d 905, 910-13 (Nev. 2014) (former president and CEO could not use the company’s privileged documents during his lawsuit against the company for breach of employment agreement, even though he was a party to the privileged communications). Former officers cannot assert protection over communications for which the corporation has waived the privilege. In re Grand Jury Subpoena, 274 F.3d 563,
573-74 (1st Cir. 2001); see also Assertion Of The Privilege By Organizations: Employees And Successor Corporations, § I.E.3, supra.

5. The Extent Of Waiver

The traditional view was that disclosure or use of communications covered by the attorney-client privilege resulted in a waiver of all related communications regarding the same subject matter (“subject matter waiver”). See, e.g., In re Consol. Litig. Concerning Int’l Harvester’s Disposition of Wis. Steel, 666 F. Supp. 1148, 1153 (N.D. Ill. 1987).

See also:

In re Grand Jury Proceedings, 219 F.3d 175, 182-83 (2d Cir. 2000). A party may not selectively disclose privileged communications in support of a claim and then rely on the privilege to shield the remaining communication from the opposing party.

In re Grand Jury Proceedings, 78 F.3d 251, 254-56 (6th Cir. 1996). Selective disclosure to government investigators of attorney’s advice regarding several elements of a marketing plan waived privilege as to all information related to those elements, but not as to the entire marketing plan.

In re Sealed Case, 877 F.2d 976, 981 (D.C. Cir. 1989). Inadvertent disclosure constituted a waiver not just for the document disclosed but also for all communications relating to the same subject matter.

United States v. Jones, 696 F.2d 1069, 1072 (4th Cir. 1982). Voluntary disclosures to a third party waive the privilege not only for the specific communication disclosed but also for all communications relating to the same subject.

Davis v. Hugo Enters., LLC, No. 8:11CV221, 2013 WL 124040, at *4 (D. Neb. Jan. 9, 2013). Disclosure of an investigation report by outside counsel did not waive the privilege as to in-house counsel’s prior investigation of a separate complaint by the same employee. While disclosure of outside counsel’s report may have resulted in subject matter waiver, the subject matter did not extend to the prior investigation.

In re Omnicron Grp. Sec. Litig., 226 F.R.D. 579, 590-93 (N.D. Ohio 2005). Scope of waiver is based on individual facts; court is guided by fairness concerns. Where disclosure was substantial, intentional and deliberate, fairness favored disclosure of all documents on the subject matter discussed in the partial disclosure.

Murray v. Gemplus Int’l, S.A., 217 F.R.D. 362, 367 (E.D. Pa. 2003). Disclosure during discovery of six internal in-house counsel communications waived the privilege not just as to those specific communications, but also as to the subject-matter addressed in the communications. As a result, defendant was ordered to disclose all otherwise privileged documents relating to contract negotiations spanning an eleven-month period.


Motorola, Inc. v. Vosi Techs, Inc., No. 01 C 4182, 2002 WL 1917256, at *1-2 (N.D. Ill. Aug. 19, 2002). Waiver of privilege as to communications related to patent validity waived privilege as to all communications related to the patent in general.

Fujisawa Pharm. Co. v. Kapoor, 162 F.R.D. 539, 541 (N.D. Ill. 1995). Client’s identification of his attorney as a potential witness waived attorney-client privilege as to the subject matter of the attorney’s expected testimony. Court, interpreting “subject matter” broadly, held that the privilege had been
waived with respect to any information that may have influenced attorney’s knowledge regarding his expected testimony, including information gathered by his law firm.


_Helman v. Murry’s Steaks, Inc._, 728 F. Supp. 1099, 1103 (D. Del. 1990). Contested communications were not privileged since they related to the same subject previously disclosed by the client’s other attorney.

_Nye v. Sage Prods., Inc._, 98 F.R.D. 452, 453 (N.D. Ill. 1982). Production of a party’s communications with former attorney waived the privilege for communications with current attorney relating to the same subject.

_In re Commercial Fin. Servs., Inc._, 247 B.R. 828, 845-56 (Bankr. N.D. Okla. 2000). Subject matter waiver requires disclosure of all documents or information relating to the same subject matter as the material disclosed.

### a. Federal Rule Of Evidence 502

Federal Rule of Evidence (“FRE”) 502, signed into law on September 19, 2008, is a substantial departure from the traditional approach to waiver with respect to disclosure of privileged material in federal proceedings or to a federal office or agency. See David M. Greenwald, Robert R. Stauffer & Erin R. Schrantz, _New Federal Rule of Evidence 502: A Tool for Minimizing the Cost of Discovery_, BLOOMBERG L. REP. (LITIGATION), Vol. 3, No. 4, Jan. 26, 2009. Adopted by Congress pursuant to the Commerce Clause, FRE 502 governs not just federal proceedings, but also state court proceedings, as discussed below. FRE 502 in its entirety provides:

The following provisions apply, in the circumstances set out, to disclosure of a communication or information covered by the attorney-client privilege or work-product protection.

(a) Disclosure Made in a Federal Proceeding or to a Federal Office or Agency; Scope of a Waiver. – When the disclosure is made in a federal proceeding or to a federal office or agency and waives the attorney-client privilege or work-product protection, the waiver extends to an undisclosed communication or information in a federal or state proceeding only if: (1) the waiver is intentional; (2) the disclosed and undisclosed communications or information concern the same subject matter; and (3) they ought in fairness to be considered together.

(b) Inadvertent Disclosure. – When made in a federal proceeding or to a federal office or agency, the disclosure does not operate as a waiver in a federal or state proceeding if: (1) the disclosure is inadvertent; (2) the holder of the privilege or protection took reasonable steps to prevent disclosure; and (3) the holder promptly took reasonable steps to rectify the error, including (if applicable) following Federal Rule of Civil Procedure 26(b)(5)(B).
(c) Disclosure Made in a State Proceeding. When the disclosure is made in a state proceeding and is not the subject of a state-court order concerning waiver, the disclosure does not operate as a waiver in a federal proceeding if the disclosure: (1) would not be a waiver under this rule if it had been made in a federal proceeding; or (2) is not a waiver under the law of the state where the disclosure occurred.

(d) Controlling Effect of a Court Order. A federal court may order that the privilege or protection is not waived by disclosure connected with the litigation pending before the court—in which event the disclosure is also not a waiver in any other federal or state proceeding.

(e) Controlling Effect of a Party Agreement. An agreement on the effect of disclosure in a federal proceeding is binding only on the parties to the agreement, unless it is incorporated into a court order.

(f) Controlling Effect of This Rule. Notwithstanding Rules 101 and 1101, this rule applies to state proceedings and to federal court-annexed and federal court-mandated arbitration proceedings, in the circumstances set out in the rule. And notwithstanding Rule 501, this rule applies even if state law provides the rule of decision.

(g) Definitions. In this rule: (1) “attorney-client privilege” means the protection that applicable law provides for confidential attorney-client communications; and (2) “work-product protection” means the protection that applicable law provides for tangible material (or its intangible equivalent) prepared in anticipation of litigation or for trial.


Parties may take advantage of FRE 502, particularly FRE 502(d), following the 2015 amendments to the Federal Rules of Civil Procedure, which encourage parties to agree on privilege and work product issues at the outset of the case, and have their agreements entered by the court in a FRE 502(d) order. Rule 16(b)(3)(B) provides:

(iv) include any agreements the parties reach for asserting claims of privilege or of protection as trial-preparation material after information is produced, including agreements reached under Federal Rule of Evidence 502[.]

The amended version of Rule 26(f)(3)(D) provides:

(3) Discovery Plan. A discovery plan must state the parties’ views and proposals on . . .

(D) any issues about claims of privilege or of protection as trial-preparation materials, including – if the parties agree on a procedure to assert these claims after production – whether to ask the court to include their agreement in order under Federal Rule of Evidence 502[.]

FRE 502 reflects an effort by Congress to enable litigants to minimize the extraordinary cost of civil discovery in federal proceedings without risking broad waiver of privilege in either federal or state proceedings. FRE 502 does this in two ways. First, FRE 502 limits subject matter waiver to voluntary disclosures and eliminates subject matter waiver for inadvertent disclosures. See Fed. R. Evid. 502(a), (b). Second, FRE 502 enables federal courts to adopt protective orders and confidentiality agreements, including non-waiver provisions, that will be binding in other federal and state proceedings. See Fed. R. Evid. 502(d), (e). Accord Brookfield Asset Mgmt., Inc. v. AIG Fin. Prods. Corp., No. 09 Civ. 8285 (PGG)(FM), 2013 WL 142503, at *1 (S.D.N.Y. Jan. 7, 2013) (Rule 502(d) “provide[d] a clear answer” regarding the use of privileged documents that were produced and eliminated the need to consider sanctions); Rajala v. McGuire Woods, LLP, Civil Action No. 08-2638-CM-DJW, 2013 WL 50200, at *3, *5 (D. Kan. Jan. 3, 2013) (Rule 502(d) orders are designed to reduce costs, expedite discovery, and eliminate disputes regarding inadvertent production).

Although FRE 502 represents a substantial change in the way that waiver will be applied, FRE 502 is limited in several ways, as discussed in more detail below. First, FRE 502 addresses “disclosure” not “use” of privileged information. Second, FRE 502 relates to disclosures to a federal office or agency and in a federal proceeding; it does not address disclosures made prior to a federal proceeding other than to a federal office or agency. Third, FRE 502 does not address the scope of waiver in state courts with respect to disclosures made in state court proceedings.

(1) FRE 502(a): Limited Subject Matter Waiver

FRE 502(a) provides that when disclosure in a federal proceeding or to a federal office or agency waives the attorney-client privilege or work product protection, that waiver will extend to undisclosed communications or information in a federal or state proceeding only if: (1) the waiver was intentional; (2) the disclosed and undisclosed information concern the same subject matter; and (3) “they ought in fairness to be considered together.” Fed. R. Evid. 502(a). The Judicial Conference Committee Notes to FRE 502 (“Explanatory Notes”) provide:

Subdivision (a). The rule provides that a voluntary disclosure in a federal proceeding or to a federal office or agency, if a waiver, generally results in a waiver only of the communication or information disclosed; a subject matter waiver (of either privilege or work product) is reserved for those unusual situations in which fairness requires a further disclosure of related, protected information, in order to prevent a selective and misleading presentation of evidence to the disadvantage of the adversary. Thus, subject matter waiver is limited to situations in which a party intentionally puts protected information into the litigation in a selective, misleading and unfair manner. It follows that an inadvertent disclosure of protected information can never result in a subject matter waiver.

(internal citation omitted).

Subject matter waiver occurs only if disclosed and non-disclosed information “ought in fairness to be considered together.” Although FRE 502 does not define “fairness,” the Explanatory Notes state: “[A] party that makes a selective, misleading presentation that is unfair to the adversary opens itself to a more complete and accurate presentation.” Fed. R. Evid. 502, Judicial Conference Committee Note on Subdivision (a) (identifying FRE 106 as the source of the “ought in fairness” language).

Courts applying Rule 502(a) only rarely find that fairness requires the disclosure of related information. Fairness considerations generally weigh in favor of additional disclosure only where a producing party affirmatively uses disclosed privileged material in litigation. See Pearlstein v. Blackberry Limited, No. 13-CV-07060 (CM)(KHP), 2019 WL 1259382, at *7-8, *17-18 (S.D.N.Y. Mar. 19, 2019) (where party disclosed privileged material to the SEC for the purpose of convincing SEC to take action, fairness required disclosure of undisclosed communications to third-party litigant); Banneker Ventures, LLC v. Graham, 253 F. Supp. 3d 64, 74 (D.D.C. 2017) (disclosure of privileged investigation report and affirmative use of the report in litigation resulted in subject-matter waiver: “Fairness dictates that if [defendant] is able to use the [report] and facts disclosed in that report to support its claims and defenses,
then [plaintiff] is entitled to the remaining facts and information contained in the interview memoranda that were not included in the [report].”); Bona Fide Conglomerate, Inc. v. Sourceamerica, No. 3:140CV-00751-GPC-DHB, 2016 WL 4361808, at *9 (S.D. Cal. Aug. 16, 2016) (subject matter waiver did not apply where producing party asserted it would not rely on privileged information and opposing party first placed privileged information at issue); Trireme Med., LLC v. Angioscore, Inc., No. 14-CV-02946-LB, 2016 WL 4191828, at *2-3 (N.D. Cal. Aug. 9, 2016) (disclosure of inventorship and contributions to inventorship in a patent case did not result in subject matter waiver of the entire prosecution file where party was not making selective disclosures to obtain a tactical advantage); Gateway Deliveries, LLC v. Mattress Liquidators, Inc., No. 2:14-CV-02033 JWS, 2016 WL 232427, at *4 (D. Ariz. Jan. 20, 2016) (subject matter waiver not justified where producing party asserted it would not present disclosed documents as evidence because they “had nothing to do with [the] lawsuit”); In re Gen. Motors LLC Ignition Switch Litig., 80 F. Supp. 3d 521, 533-34 (S.D.N.Y. 2015) (where party has neither offensively used a report in litigation nor made a selective or misleading presentation that is unfair to adversaries in litigation, it is not the “usual and rare circumstances in which fairness requires a judicial finding of waiver with respect to related, protected information”); Freedman v. Weatherford Int'l Ltd., No. 12 Civ. 2121(LAK)(JCF), 2014 WL 3767034, at *3-4 (S.D.N.Y. July 25, 2014) (defendant’s disclosure of internal investigation materials to the SEC did not result in subject matter waiver where there was no indication defendant sought to use the disclosure to its advantage in litigation); Mass. Mut. Life Ins. Co. v. Merrill Lynch, Pierce, Fenner & Smith, Inc., 293 F.R.D. 244, 253 (D. Mass. 2013) (fairness did not require disclosure of a forensic review conducted by an outside consultant because plaintiff did not plan to use the review at trial); Lott v. Tradesmen Int'l, Inc., No. 5:09-CV-183-KKC, 2013 WL 308853, at *2 (E.D. Ky. Jan. 25, 2013) (fairness did not require subject matter waiver because the evidence plaintiff disclosed was inadmissible and therefore would result in no harm to defendant). But see Walder v. Bio-Red Labs., Inc., 212 F. Supp. 3d 829, 851-53 (N.D. Cal. 2016) (court found subject matter waiver under FRE 502(a) where defendant not only disclosed privileged information to governmental agencies, but also intended to use the material offensively at trial to defeat plaintiffs’ claims, while precluding plaintiff from presenting related communications to rebut the evidence); Hunt v. Schauerhamer, No. 2:15-CV-1-TC-PMW, 2016 WL 75064, at *4 (D. Utah Jan. 6, 2016) (in dispute concerning settlement of § 1983 action, subject matter waiver occurred under FRE 502(a) and Utah privilege law where plaintiff placed communications with her former counsel at issue in court filings); Graff v. Haverhill North Coke Co., No. 1:09-cv-670, 2012 WL 5495514, at *16-17 (S.D. Ohio Nov. 13, 2012) (subject matter waiver occurred where a party disclosed the final draft of an audit report because it would be “unfair to permit defendants to produce the final version of the [audit] . . . yet withhold the draft versions of the audit and other communications that may undermine or help explain the factual basis for [the audit’s] conclusion.”)

(2) FRE 502(b): Inadvertent Waiver

Rule 502(b) establishes the “middle” test for determining inadvertent waiver. See Inadvertent Disclosure, § 1.G.7, infra.
(3) FRE 502(c): Disclosures Made In A State Proceeding

When disclosure occurs in a state proceeding “and is not the subject of a state-court order concerning waiver,” FRE 502(c) provides that there is no waiver in a subsequent federal proceeding if the disclosure: (1) would not be a waiver under federal law; or (2) would not be a waiver under the law of the state “where the disclosure occurred.” FED. R. EVID. 502(c). The Explanatory Note explains: “The Committee determined that the proper solution for the federal court is to apply the law that is most protective of privilege and work product.” FED. R. EVID. 502(c) advisory committee’s note. However, “[t]he rule does not address the enforceability of a state court confidentiality order in a federal proceeding, as that question is covered both by statutory law and principles of federalism and comity.” Id. (citing 28 U.S.C. § 1738). “Thus, a state court order finding no waiver in connection with a disclosure made in a state court proceeding is enforceable under existing law in subsequent federal proceedings.” Id.

(4) FRE 502(d) & (e): Court Orders And Party Agreements

The 2006 and 2015 amendments to the Federal Rules of Civil Procedure provided a number of tools that parties could use to minimize the cost of privilege review. For example, Rule 16(b) provides a framework for the parties to address privilege issues in a scheduling order, which may provide reasonable time limits that enable parties to conduct phased discovery, non-waiver/“claw back” or “quick peek” provisions. A “claw back” provision generally allows a party who inadvertently produces privileged material to recover the material from its opponent without waiver of the attorney-client privilege or work product protection. A “quick peek” arrangement allows a party to disclose materials to an opponent prior to any privilege review and to conduct a subsequent privilege review of any materials designated by the opponent for copying. Prior to the adoption of FRE 502, these arrangements were enforceable as to the parties to a specific federal proceeding, but there was no certainty that a confidentiality agreement, protective order, or even a ruling by the court finding no waiver would be followed by other courts involving different parties. See Hopson v. Mayor & City of Balt., 232 F.R.D. 228, 235 (D. Md. 2005).

FRE 502(d) solves this problem by providing that a federal court “may order that the privilege or protection is not waived by disclosure connected with the litigation pending before the court – in which event the disclosure is also not a waiver in any other federal or state proceeding.” FED. R. EVID. 502(d). See SEC v. Bank of Am. Corp., No. 09 Civ. 06829, 2009 WL 3297493 (S.D.N.Y. Oct. 14, 2009) (entering order pursuant to FRE 502(d) to limit waiver to documents actually disclosed to government and adopting parties’ definition of subject matter of the disclosed documents); Whitaker Chalk Swindle & Sawyer, LLP v. Dart Oil & Gas Corp., No. 4:08-CV-684-Y, 2009 WL 464989, at *5 (N.D. Tex. Feb. 23, 2009) (issuing order pursuant to FRE 502(d) to protect disclosures in suit over attorney fees from waiving privilege in ongoing state court proceedings). FRE 502(e) provides that party agreements regarding the “effect of disclosure in a federal proceeding” will be binding on other parties and in other proceedings if “incorporated into a court order.” FED. R. EVID. 502(e). See FED. R. EVID. 502(e) advisory committee’s note (“The rule makes clear that if parties want protection
against non-parties from a finding of waiver by disclosure, the agreement must be made part of a court order.”).

Courts, both before and after the enactment of FRE 502, have been willing to enforce the terms of parties’ agreements regarding waiver. See In re Grand Jury 16-3817 (16-4), 740 F. App’x 243, 245 (4th Cir. 2018) (court enforced against government non-waiver agreement entered into by government and corporation); Rainer v. Union Carbide Corp., 402 F.3d 608, 625 (6th Cir. 2005), opinion amended on reh’g, (Mar. 25, 2005) (enforcing agreed protective order and finding no waiver); Global Fleet Sales, LLC v. Delunas, No. 12-1571, 2016 WL 3365763, at *4 (E.D. Mich. June 17, 2016) (plaintiff waived ability to contest defendants’ assertion of privilege by failing to object within the deadlines set in the protective order entered at the outset of the proceeding); Williams v. Allstate Fire and Casualty Insurance Co., No. CIV-13-828-D, 2015 WL 1602054, at *5 (W.D. Okla. Apr. 9, 2015) (where FRE 502(d) order used word “inadvertent” and required claw back within 15 days of discovery, request for claw back after 19 days waived privilege; in dicta court noted party failed to demonstrate inadvertence because party did not prove it had taken reasonable steps to prevent disclosure); BNP Paribas Mortg. Corp. v. Bank of Am., N.A., 09 Civ. 9783, 2013 WL 2322678, at *8-10 (S.D.N.Y. May 21, 2013) (where a protective order issued under FRE 502(d) allowed clawback of documents without waiver, the court would enforce the plain language meaning of the agreement; the parties did not need to comply with the requirements of FRE 502(b)); United States v. Daugerdas, No. S3 09 CR 581(WHP), 2012 WL 92293, at *2 (S.D.N.Y. Jan. 11, 2012) (denying defendant’s motion to unseal email produced by employer in defendant’s criminal proceeding for use in arbitration against employer where FRE 502(d) order provided that the employer’s production of documents in defendant’s criminal proceeding did not waive privilege “in any Federal or State proceeding, including any and all arbitration and private dispute resolution proceedings”); Beyond Sys., Inc. v. Kraft Foods, Inc., No. PJM-08-409, 2010 WL 1568480, at *2 (D. Md. Apr. 19, 2010) (privilege waived where defendant inadvertently produced a privileged spreadsheet but did not demand the spreadsheet’s return until one month after discovering it was produced, more than the 21 days stipulated in the parties’ claw back provision); Coffeyville Res. Ref. & Mkgt. v. Liberty Surplus Ins. Corp., 261 F.R.D. 586, 591-92 (D. Kan. Sept. 16, 2009) (refusing plaintiff’s request to review in camera documents inadvertently produced by defendant where protective order provided for a “prompt[ ] return” of inadvertently produced documents upon request of the producing party); Emp’rs Ins. Co. of Wausau v. Skinner, No. CV 07-735(JS)(AKT), 2008 WL 4283346, at *7 (E.D.N.Y. 2008) (parties’ confidentiality agreement prevented waiver of privilege); Minebea Co. v. Papst, 370 F. Supp. 2d 297, 300 (D. D.C. 2005) (“Simply put, the language of the Protective Order trumps the case law.”). But see Certain Underwriters at Lloyd’s, London v. Nat’l R. R. Passenger Corp., 218 F. Supp. 3d 197, 201-03 (E.D.N.Y. 2016) (an order entered pursuant to FRE 502(d) did not prevent waiver where a producing party allowed its opponent to use documents as deposition exhibits and demanded to “claw back” the documents after the deposition); SurfCast, Inc. v. Microsoft Corp., No. 2:12-cv-333-JAW, 2013 WL 4039413, at *3-5 (D. Me. Aug. 7, 2013) (finding that even where the court had entered an order stating that inadvertent disclosure did not constitute waiver, plaintiff waived the privilege when it failed to object to the use of a privileged document during a deposition). See also Soc’y of Prof Eng’g Employees in Aerospace, IFPTE Local 2001 v. Boeing Co., Nos. 05-1251-MLB, 07-1043-MLB, 2010 WL 1141269, at *5 (D. Kan. Mar. 22, 2010) (claw back agreement not controlling with respect to disclosures pre-dating the litigation).
Entry of a FRE 502(d) order obviates the need to provide the elements set forth in FRE 502(b). East Coast Sheet Metal Fabricating Corp. v. Autodesk, Civ. No. 12-cv-517-LM, 2014 WL 4627262, at *2 (D. N.H. Sept. 16, 2014) ("[FRE] 502(d) was adopted for the express purpose of allowing parties to limit the costs associated with screening documents produced during discovery for privileged materials."); Rajala v. McGuire Woods, LLP, No. 08-2638-CM-DJW, 2013 WL 50200, at *5 (D. Kan. Jan. 3, 2013) (Rule 502(d) order is designed to allow the parties and the court to defeat the default operation of Rule 502(b) in order to reduce costs and expedite discovery); Brookfield Asset Mgmt., Inc. v. AIG Fin. Prods. Corp., No. 09 Civ. 8285 (PGG)(FM), 2013 WL 142503, at *1 (S.D.N.Y. Jan. 7, 2013) (party allowed to claw back draft minutes of board of directors meeting produced due to vendor error pursuant to the terms of the parties’ Rule 502(d) order, which contained no limitations and which provided for the right to claw back privileged documents “no matter what the circumstances giving rise to their production were”); Rodriguez-Monguio v. Ohio State Univ., Civil Action No. 2:08-cv-00139, 2009 WL 1575277, at *2-3 (S.D. Ohio June 3, 2009) (court declined to apply Rule 502(b)’s test for inadvertent waiver or analyze whether the producing party took “reasonable steps” to prevent or rectify disclosure where the protective order provided for the right to claw back documents within ten days of discovering that inadvertent production had occurred and the producing party acted within that deadline). Cf. Cormack v. United States, 117 Fed. Cl. 392, 398-402 (2014) (in absence of FRE 502(d) order, court applied fact-intensive FRE 502(b) analysis).

Parties should be careful when drafting proposed FRE 502(d) orders to avoid incorporating the terms of FRE 502(b) that the FRE 502(d) order is intended to obviate. For example, a reference to “reasonable” steps or “prompt” action in a FRE 502(d) order may require the parties to incur significant cost to demonstrate that they acted reasonably and promptly – defeating the goal of FRE 502(d) to minimize the cost of discovery. See, e.g., Alcon Mfg., Ltd. v. Apotex Inc., No. 1:06-cv-1642-RLY-TAB, 2008 WL 5070465, at *4-6 (S.D. Ind. Nov. 26, 2008) (court was required to determine whether the producing party acted promptly and in good faith where the parties’ Rule 502(d) order conditioned the right to claw back privileged documents on whether the producing party “promptly” made a “good-faith” representation that the production was inadvertent or mistaken and took “prompt remedial action” to rectify the disclosure). See also Burd v. Ford Motor Co., No. 3:13-cv-20976, 2015 WL 1650447, at *3-4 (S.D.W. Va. Apr. 14, 2015) (defendant was able to claw back privileged document only after jumping through the onerous hoops of FRE 502(b), which had been incorporated into the “clawback order” entered at the outset of the matter).

Even absent an agreement by the parties, courts may impose claw back agreements or other provisions on the parties where they deem appropriate. See, e.g., Fed. R. Evid. 502(d) advisory committee’s note ("[A] confidentiality order is enforceable whether or not it memorializes an agreement among the parties to the litigation. Party agreement should not be a condition of enforceability of a federal court’s order."); Good v. American Water Works Co., Inc., Civ. No. 2:14-01374, 2014 WL 5486827, at *2-*3 (S.D. W. Va. Oct. 29, 2014) (over plaintiffs’ objection entering defendants’ proposed FRE 502(d) order allowing non-computerized review of potentially privileged documents with greater clawback protection than FRE 502(b)); Radian Asset Assur., Inc. v. College of Christian Brothers of New Mexico, No. Civ. 09-0885 JB/DJS, 2010 WL 4928866, at *2, *8-*9 (D. N.M. Oct. 22, 2010) (entering FRE 502(d) order over plaintiff’s objection where defendant agreed to produce all ESI in
response to plaintiff’s requests, provided the court entered a FRE 502(d) order; Rajala v. McGuire Woods, LLP, No. 08-2638, 2010 WL 2949582, at *4, *6-*7 (D. Kan. July 22, 2010) (imposing a “claw back” agreement pursuant to FRE 502(d) and (e) where the parties could not agree on the form of a protective order but defendant had demonstrated that a claw back provision was appropriate given that plaintiff sought broad discovery, including voluminous ESI, from defendant). See also In re Cellular Tel. P’ship Litig., C.A. No. 6885-VCL, 2017 WL 3769202, at *1-2 (Del. Ch. Aug. 29, 2017) (over plaintiffs’ objection, authorizing special discovery master to review documents over which privilege was disputed, and, holding that if documents were deemed relevant and privileged, they would be produced but privilege would be preserved as against third parties pursuant to Delaware Uniform Rule of Evidence 510(f)). However, courts may not impose a quick peek on a producing party. Winfield v. City of New York, 106 Fed. R. Evid. Serv. 432, 2018 WL 2148435, at *4-5 (S.D.N.Y. May 10, 2018) (holding that could not order a “quick peek” of privileged materials over the objections of a privilege holder).


b. “Disclosure” vs. “Use”

FRE 502 addresses “disclosure” of privileged information, but it does not address “use” of privileged information. Although disclosure of a privileged document may not result in subject matter waiver, a producing party’s use of that document may. One commentator has recommended that protective orders specifically provide that, once a producing party uses its own privileged materials, pre-FRE 502 subject matter waiver analysis should be applied, resulting in broad waiver with respect to related privileged material. See Gregory P. Joseph, The Impact of Rule 502(d) on Protective Orders, http://www.josephnyc.com/articles/viewarticle.php?/59 (accessed May 11, 2019). Some courts have entered Rule 502(d) orders that provide that the provisions of Rule 502(a) apply when a disclosing party uses or indicates it may use information produced pursuant to the order. See, e.g., Model Draft of a Rule 502(d) Order, 81 Fordham L. Rev. 1587 (2013). This approach is likely to prevent broad subject matter waiver, but allows a court to ensure that the receiving party is not unfairly prejudiced by the producing party’s use of otherwise privileged information.

FRE 502 also does not address “implied waiver,” such as reliance on the advice of counsel, which may result in “at issue” waiver. See Fed. R. Evid. 502 advisory committee’s note (“The rule governs only certain waivers by disclosure. Other common-law waiver
doctrines may result in a finding of waiver even where there is no disclosure of privileged information. This rule is not intended to displace or modify federal common law concerning waiver of privilege or work product where no disclosure has been made.”). See “At Issue” Claims And Defenses, § I.G.9, infra.

c. Pre-Litigation Disclosures

FRE 502(a) and FRE 502(b) address disclosures made “in a federal proceeding.” FRE 502(d) addresses court orders regarding the effect of disclosures “connected with the litigation pending before the court.” At least two courts have held that FRE 502, therefore, does not apply to disclosures which pre-date the litigation at issue. Alpert v. Riley, 267 F.R.D. 202, 210 (S.D. Tex. 2010) (disclosure that occurred prior to litigation before the court not governed by FRE 502, but instead by common law); Ctr. Partners, Ltd. v. Growth Head GP, LLC, 981 N.E.2d 345, 355-56 (Ill. 2012) (disclosure during business negotiations constituted extrajudicial disclosure not governed by FRE 502’s subject matter waiver rules). The Federal Circuit, however, has applied FRE 502’s fairness considerations to pre-litigation disclosures. Wi-LAN, Inc. v. LG Elecs., Inc., 684 F.3d 1364, 1373-74 (Fed. Cir. 2012) (privileged documents disclosed before commencement of suit are subject to FRE 502’s fairness balancing test). Moreover, extra-judicial disclosures made “in connection with” litigation before the court may be governed by FRE 502. Multiquip, Inc. v. Water Mgmt. Sys. LLC, No. CV 08-403-S-EJL-REB, 2009 WL 4261214, at *3 n.3 (D. Idaho Nov. 23, 2009) (applying FRE 502(b) to email inadvertently sent to third party during course of litigation). See also Ecological Rights Found. v. Fed. Emergency Mgmt. Agency, No. 15-CV-04068-DMR, 2017 WL 24859, at *7 (N.D. Cal. Jan. 3, 2017) (court held that it had inherent authority to consider government’s request to claw back documents inadvertently provided pursuant to a FOIA request protected by an applicable FOIA exemption).

Finally, that FRE 502(a) addresses disclosures made “in a federal proceeding or to a federal office or agency.” FED. R. EVID. 502(a) (emphasis added). Therefore, pre-litigation disclosures to a federal office or agency are governed by FRE 502(a).

d. Partial Disclosure

In many cases, a party has not blatantly repeated a confidential conversation, but has merely revealed a portion of the communicated information. The courts have struggled to determine when a disclosure has revealed so much detail that the privilege is effectively waived. See, e.g., In re Int’l Harvester’s Disposition of Wis. Steel, Nos. 81 C 7076, 82 C 6895 & 85 C 3521, 1987 WL 20408, at *3 (N.D. Ill. Nov. 20, 1987) (explaining that after a certain point of disclosure the opponent is entitled to see essentially the full file on the subject so that a full and fair evaluation of the disclosed information can be made). When the evidence shows that the client abandoned the protection of confidentiality, even a partial disclosure of a privileged communication will constitute full waiver. However, where a client has revealed only a factually isolated portion of a communication, particularly in an extrajudicial statement, then a limited waiver may result and related communications remain privileged.
See:

In re Keeper of the Records, 348 F.3d 16, 23-24 (1st Cir. 2003). Waivers by implication can extend beyond the matter actually revealed. If one party puts information at issue for its own benefit, it would be unfair not to disclose related information. However, the extrajudicial disclosure of attorney-client communications, not later used for an adversarial advantage, does not waive the privilege on all related communications.

In re von Bulow, 828 F.2d 94, 104 (2d Cir. 1987). Where a client acquiesced in his attorney’s publication of a book containing privileged information, the court held that only a partial waiver occurred. A client can impliedly waive the privilege and must take affirmative action to prevent disclosure once the disclosure is known to be imminent. However, extrajudicial disclosures that are not used to an adversary’s disadvantage result in only partial disclosure and do not waive the privilege as to undisclosed portions.

Sullivan v. Warminster Twp., 274 F.R.D. 147, 154 (E.D. Pa. 2011). Police chief’s limited statement during a press conference that outside counsel’s investigation revealed no misconduct and that police department had “gotten a clean bill of health on everything” waived privilege only with respect to specific communications with counsel, not with respect to the entire investigation. The court held that partial waivers made outside of a judicial proceeding do not implicitly waive the privilege as to all communications on the same subject matter.

Pensacola Firefighters’ Relief & Pension Fund Bd. of Dirs. v. Merrill Lynch, Pierce, Fenner & Smith, Inc., No. 3:09cv53/MCR/MD, 2010 WL 4683935, at *3-7 (N.D. Fla. Nov. 10, 2010). Employee did not waive the company’s privilege when he revealed his impressions of an internal investigation. The employee did not explicitly reference attorney-generated reports or have personal knowledge of what was in the reports.

SEC v. Beacon Hill Asset Mgmt. LLC, 231 F.R.D. 134, 141-43 (S.D.N.Y. 2004). Disclosure in a book waived the privilege as to the matters therein, but not as to matters which were unpublished. The unpublished matters were not at issue in the litigation and thus fairness did not require disclosure.


Vicinanzo v. Brunschwig & Fils, Inc., 739 F. Supp. 891, 893 (S.D.N.Y. 1990). An insurance company did not fully waive the privilege for its insurance premium structure when it revealed documents that summarized counsel’s opinion of the structure in conclusory and unrevealing terms. Use of such terms indicated an intention by the company to maintain confidentiality.


Ctr. Partners, Ltd. v. Growth Head GP, LLC, 981 N.E.2d 345, 362-64 (Ill. 2012). Court found no subject matter waiver following disclosures during business negotiations.
See also:


The extent of waiver is determined by analyzing whether the unrevealed portion of the communication is so related to the part that has been revealed that further disclosure would not significantly impinge on the client’s interest in confidentiality (i.e., the client has revealed so much that he has no further reasonable expectation of confidentiality). In making this determination, the court will consider, among other factors, the temporal proximity of the portions, the presence or absence of other persons at disclosure, and the subjects covered in each portion.

See:

*In re Target Tech. Co.*, 208 F. App’x 825, 826-27 (Fed. Cir. 2006). Extrajudicial disclosure of sales letter that revealed attorney’s conclusions concerning patentability and infringement, but not details of the privileged communication, constituted waiver of attorney-client privilege, but was limited to subject matter of the sales letter only.


*Weil v. Inv./Indicators, Research & Mgmt., Inc.*, 647 F.2d 18, 24 (9th Cir. 1981). Disclosure of documents provided to an outside auditor results in waiver only to communications about that matter, not to related matters within the same general topic.

*Long-Term Capital Holdings v. United States*, No. 3:01 CV 1290 (JBA), 2002 WL 31934139, at *2 (D. Conn. Oct. 30, 2002). Extrajudicial disclosure of attorney-client communication held not to constitute a subject matter waiver where advice was not put at issue by privilege holder in litigation.


*Harding v. Dana Transp., Inc.*, 914 F. Supp. 1084, 1092 (D.N.J. 1996). Partial waiver applied where party gave third party “only a superficial glance at certain information, attempting to maintain the secrecy of the remainder.”


*AMCA Int’l Corp. v. Phipard*, 107 F.R.D. 39, 44 (D. Mass. 1985). Disclosing a memo about the interpretation of some contracts waived the privilege for all communications concerning the letter, but not to all communications concerning the interpretation of the contract.

Nevertheless, in some cases, fairness requires that even a partial disclosure result in disclosure beyond the materials actually revealed. *See, e.g.*, *Westinghouse Elec. Corp. v. Republic of Philippines*, 951 F.2d 1414, 1426 n.12 (3d Cir. 1991). In the interest of fairness, full subject matter waiver will result from a partial disclosure in two instances: (1) testimonial revelation and (2) self-serving disclosure.
When a person testifies before a fact-finder (e.g., a jury), partial disclosure of privileged communications almost always results in full disclosure. This is necessary to prevent the fact-finder from being confused, misled, or being presented with an incomplete evidentiary picture. See, e.g., Hollins v. Powell, 773 F.2d 191, 196 (8th Cir. 1985) (waiver is implied when a client testifies about a portion of a privileged communication); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 79 cmt. f (2000).

Similarly, disclosures that are self-serving will result in full disclosure. In these cases, fairness requires the disclosure of the remainder of the communication to present a balanced account. Federal Rule of Evidence 502 is in accord with these earlier cases.

See:

In re Sealed Case, 676 F.2d 793, 808-09 (D.C. Cir. 1982). When party reveals part of a privileged communication to gain an advantage in litigation, the party waives the privilege for all other communications on the same subject matter.


Golden Valley Microwave Foods, Inc. v. Weaver Popcorn Co., 132 F.R.D. 204, 208 (N.D. Ind. 1990). Inadvertent production of privileged communications results in waiver only for the disclosed document unless the disclosure was self-serving.

Carte Blanche (Sing.) PTE, Ltd. v. Diners Club Int’l, Inc., 130 F.R.D. 28, 33 (S.D.N.Y. 1990). Where party reveals portion of document, the privilege is waived for the rest of the document so as to make the disclosure complete.

Blue Lake Forest Prods. v. United States, 75 Fed. Cl. 779, 786-87 (Fed. Cl. 2007). Where the government included a privileged document in the administrative record, it effectively waived the right to all privileged documents concerning the same subject matter as the disclosed document.

But see:

U.S. ex rel. Fago v. M&T Mortg. Corp., 238 F.R.D. 3, 9-10 (D.D.C. 2006), abrogated on other grounds by Schmidt v. Solis, 272 F.R.D. 1 (D.D.C. 2010). Defendant’s presentation to government of summary report of its internal investigations did not result in broad subject matter waiver over internal reports and other materials referenced in presentation because defendant did not intend to use government agency’s non-action to its advantage in instant litigation; thus, there was no need for the relator to discover the related work product.

Confer:

Energy Heating, LLC v. Heat On The Fly, LLC, 889 F.3d. 1291, 1303 (Fed. Cir. 2018). Court held that last minute assertion of advice of counsel defense was untimely and prejudicial where the party had previously asserted privilege during discovery.

### 6. Disclosure To The Government

When litigants voluntarily disclose documents or communications to government agencies, the documents and communications may lose the protection of the privilege and be
subject to discovery by other parties, including private litigants. Corporations have argued that voluntary disclosures to government agencies should be considered a selective waiver of privileges solely for the benefit of the public agency’s review, and should not be considered as a waiver for purposes of private civil litigation (many courts use the term “limited waiver” rather than “selective waiver”). The seminal case supporting the selective waiver doctrine is Diversified Indus., Inc. v. Meredith, 572 F.2d 596 (8th Cir. 1977) (en banc). A clear majority of courts reject the selective waiver doctrine, and hold that selective disclosure of privileged material to a government agency waives the privilege as to all third-party litigants. See, e.g., In re Qwest Commc’ns Intl, Inc., 450 F.3d 1179, 1186 (10th Cir. 2006). For a detailed discussion of the selective waiver doctrine and the risks associated with disclosure of privileged material to government agencies, see Disclosure To The Government, § 1.H, infra.

7. **Inadvertent Disclosure**

Sometimes a party inadvertently discloses privileged communications, particularly in cases where large numbers of documents are produced. Historically, the courts differed as to whether these disclosures waived the attorney-client privilege. Prior to the adoption of Federal Rule of Evidence 502 in September 2008, courts generally followed one of three distinct approaches to attorney-client privilege waiver based on inadvertent disclosures: (1) the strict approach, (2) the “middle” approach, and (3) the lenient approach. Gray v. Bicknell, 86 F.3d 1472, 1483 (8th Cir. 1996). There is no unified approach among state courts, which may follow any of the three approaches, or a variable thereof.

Under the strict approach, adopted by the court in In re Sealed Case, 877 F.2d 976, 980 (D.C. Cir. 1989), any document produced, either intentionally or otherwise, loses its privileged status. Gray, 86 F.3d at 1483; see also In re Grand Jury, 475 F.3d 1299, 1305 (D.C. Cir. 2007) (reaffirming In re Sealed Case). The strict test was criticized because it had the potential to chill communications between clients and attorneys. Gray, 86 F.3d at 1483.

Under the lenient approach, a party had to knowingly waive attorney-client privilege; a determination of inadvertence ended the inquiry. Id. This approach fostered open communications between client and attorney but created no incentive for parties to maintain tight control over privileged material. Id.

The majority of courts applied the middle approach, using a case-by-case analysis to determine the reasonableness of the precautions taken to protect against disclosure and the actions taken to recover the communication. The middle approach struck a balance between protecting attorney-client privilege and allowing, in certain situations, the unintended release of privileged documents to waive that privilege. Id. at 1484. The Restatement lists several of the factors frequently used by courts to analyze inadvertent waiver pursuant to the middle approach:

1. the relative importance of the communication (the more sensitive the communication, the greater the necessary protective measures);

2. the efficacy of precautions taken and of additional precautions that might have been taken;
(3) externally imposed pressures regarding the timing or the volume of required disclosure, if any;

(4) whether disclosure was by act of the client or lawyer or by a third person; and

(5) the degree of disclosure to non-privileged persons.


Compare (cases finding no waiver):

Judson Atkinson Candies, Inc. v. Latini-Hohberger-Dhimantec, 529 F.3d 371, 388-89 (7th Cir. 2008). The appellate court upheld the district court’s finding that production of a privileged memorandum was inadvertent where 30 to 40 boxes of documents were produced on the same date and counsel took steps to rectify the error immediately upon learning of the disclosure.

Transamerica Computer Co. v. IBM Corp., 573 F.2d 646, 647-51 (9th Cir. 1978). Defendant’s failure to screen out all privileged documents in a prior, unrelated lawsuit was characterized as inadvertent on the ground that the production was “compelled,” rather than voluntary, in light of the accelerated discovery schedule ordered by the court.

IBM v. United States, 471 F.2d 507, 509-11 (2d Cir. 1972), on reh’g, 480 F.2d 293 (2d Cir. 1973). No waiver occurred when the party asserting the privilege was ordered by the court to produce an extraordinary number of documents on an expedited basis and all reasonable precautions had been taken.

United States v. Fishoff, No. CR 15-586 (MAS), 2016 WL 4414780, at *2-3 (D.N.J. Aug. 16, 2016). Where criminal defendant, Petrello, agreed to allow the Department of Justice to search two email addresses and his computer hard drive, subject to a clawback agreement in which Petrello stated he did not intend to waive privilege and the DOJ was prohibited from reviewing any emails between Petrello and any attorney included on a list provided by Petrello, DOJ’s production of the materials to the SEC and to defendant Fishoff was deemed inadvertent and DOJ’s disclosure of privileged materials to third parties did not waive Petrello’s privileges.

Kalra v. HSBC Bank USA, N.A., No. CV065890(JFB)(ETB), 2008 WL 1902223, at *3-7 (E.D.N.Y. Apr. 28, 2008). Defendant’s accidental inclusion of three privileged emails in production to plaintiff was found not to constitute waiver when defendant’s document review procedures contained reasonable precautions to prevent inadvertent disclosure, when defendant called plaintiff the same day she discovered the inadvertent production, when the number of inadvertently disclosed documents was small compared to the size of the production, and when it was not unfair to find that privilege attached.

Metso Minerals Inc. v. Powerscreen Int’l Distrib. Ltd., No. CV061446(ADS)(ETB), 2007 WL 2667992, at *3-8 (E.D.N.Y. Sept. 6, 2007). Plaintiff’s accidental production of 181 privileged documents to defendant was considered inadvertent and did not waive privilege when plaintiff’s procedure for reviewing and producing documents was not unreasonable, when plaintiff notified defendant two days after discovering the accidental production, when the size of the disclosure was not large compared to the total document production in the case as a whole and the disclosure resulted from a single error, and when it was not unfair to find that privilege attached.

Howell v. Joffe, 483 F. Supp. 2d 659, 665-66 (N.D. Ill. 2007). No waiver occurred when counsel accidentally allowed conversation with client to be recorded on opposing counsel’s voicemail, because it was an innocent mistake and the privilege was asserted as soon as counsel was notified of the recording’s existence.

Lifewise Master Funding v. Telebank, 206 F.R.D. 298, 304-05 (D. Utah 2002). Ordering the return of certain documents that had been identified as privileged but were accidentally produced, but ordering that privilege had been waived as to additional “intermingled” documents that had not been identified as privileged but were produced as non-privileged documents.

U.S. ex rel. Bagley v. TRW, Inc., 204 F.R.D. 170, 175-76 (C.D. Cal. 2001). Inadvertent production of document did not constitute waiver under facts and circumstances test where adequate screening was in place and 200,000 pages of documents were produced.

McCafferty’s, Inc. v. Bank of Glen Burnie, 179 F.R.D. 163, 169 (D. Md. 1998). Party did not waive the privilege by tearing up a document containing privileged communications and placing it in a trash can. Although additional precautions, such as shredding, could have been taken, tearing the document into 16 pieces and placing it in a private trash can were reasonable measures to maintain the confidentiality of the document.

Aramony v. United Way of Am., 969 F. Supp. 226, 235, 238 (S.D.N.Y. 1997). Inadvertent production of 99 pages of privileged documents that were included in a total of 65,500 pages of documents produced did not constitute waiver of the attorney-client privilege. The court analyzed the care taken by the party asserting the privilege in light of the following factors: “the reasonableness of the precautions taken to prevent inadvertent disclosure; the time taken to rectify the error; the scope of the discovery; the extent of the disclosure; overriding issues of fairness.”

Lloyds Bank PLC v. Republic of Ecuador, No. 96 Civ. 1789 DC, 1997 WL 96591, at *3-4 (S.D.N.Y Mar. 5, 1997) (citation omitted). Inadvertent production of fifty privileged documents, comprising 227 pages, did not waive the privilege where counsel took reasonable measures to prevent disclosure and acted quickly to correct the error. “As a general matter . . . ‘inadvertent production will not waive the privilege unless the conduct of the producing party or its counsel evinced such extreme carelessness as to suggest that it was not concerned with the protection of the asserted privilege.’”

Berg Elecs., Inc. v. Molex, Inc., 875 F. Supp. 261, 263 (D. Del. 1995). Privileged documents in voluminous production were tabbed with post-its, but certain privileged documents were produced when tabs fell off documents. Court ruled that privilege was not waived, because the attorney had taken reasonable steps to protect confidentiality and a more stringent rule would punish the client for the attorney’s carelessness.

With (cases finding waiver):

Baranski v. United States, No. 4:11-CV-123 CAS, 2015 WL 3505517, at *3-7 (E.D. Mo. June 3, 2015). Government waived privilege over 58 privileged documents that were inadvertently produced, because it failed to take steps to rectify the error until five months after plaintiff used two of the documents as exhibits in a deposition, when plaintiff attached several of the 58 documents to a sealed filing with the court. The court noted that the government knew or should have known at least as early as the date of
the deposition that it had inadvertently produced privileged documents, yet did nothing to seek to rectify the matter until five months later when it reviewed plaintiff’s sealed filing.

Alpert v. Riley, 267 F.R.D. 202, 210-13 (S.D. Tex. 2010). Privilege waived where former partner placed password-protected privileged information on his partner’s computer and then failed to take steps to retrieve the privileged information after he learned that the information was no longer password-protected. Applying common law analysis under the “middle” approach, as FRE 502 was inapplicable to pre-litigation disclosures, the court held that the partner had failed to take reasonable steps to avoid disclosure and to remedy the inadvertent disclosure when he learned of it.

Victor Stanley, Inc. v. Creative Pipe, Inc., 250 F.R.D. 251, 258-59 (D. Md. 2008). Defendants waived privilege under both the strict and intermediate approach to inadvertent waiver with respect to 165 privileged electronic documents voluntarily disclosed to plaintiffs after using an inadequate keyword search and an insufficient manual review of nontext-searchable documents to separate privileged documents from non-privileged documents.

Bensel v. Air Line Pilots Ass’n, 248 F.R.D. 177, 179-81 (D.N.J. 2008). Applying a five-factor test, the court found that plaintiffs waived attorney-client privilege with respect to the class representative’s communications with counsel. Plaintiffs did not show that they undertook reasonable precautions to avoid disclosure of privileged documents where plaintiffs disclosed approximately 155 pages of privileged material out of a total production of 6,000 pages, plaintiffs made full and complete disclosure of the documents to defendant, and plaintiffs waited nearly a year after their initial discovery of the disclosure to file a motion for a protective order.

Cont’l Cas. Co. v. Under Armour, Inc., 537 F. Supp. 2d 761, 768-69 (D. Md. 2008). Applying middle approach, court found insurer waived both attorney-client privilege and work product protection where claims adjuster, on four separate occasions, posted privileged documents to a website that was accessible to an independent broker who provided the documents to the insured.

Wunderlich-Malec Sys., Inc. v. Eisenmann Corp., No. 05 C 4343, 2007 WL 3086006, at *5 (N.D. Ill. Oct. 18, 2007). Applying a totality of the circumstances test, the court found waiver where plaintiff’s attorneys provided only conclusory and self-serving affidavit that he “diligently reviewed” all documents for privilege. “[I]n light of the high duty all jurisdictions impose on lawyers to maintain the confidences of their clients, … any procedure which fails in two consecutive reviews to reveal documents that have already been identified as privileged is unreasonable.”

Urban Box Office Network, Inc. v. Interfase Managers, L.P., No. 01 Civ. 8854(LTS)(THK), 2004 WL 2375819, at *4 (S.D.N.Y. Oct. 21, 2004). Court found that disclosure was not inadvertent where the defendants made a tactical choice to disclose documents instead of fighting a discovery battle they expected to lose.

Engineered Prods. Co. v. Donaldson Co., Inc., 313 F. Supp. 2d 951, 1020-22 (N.D. Iowa 2004). A party’s disclosure of attorney-client communications at a deposition, while represented by counsel, cannot be considered inadvertent under the middle (or even lenient) inadvertent disclosure test.

Murray v. Gemplus Int’l, S.A., 217 F.R.D. 362, 366 (E.D. Pa. 2003). Since defendant failed to take any action to recover privileged documents for eleven weeks after discovering the inadvertent disclosure, the court held that defendant wanted plaintiff to see the documents and could not now claim privilege. This theory was supported by the fact that the “privileged” documents were highly beneficial to defendant’s case.

Scott v. Glickman, 199 F.R.D. 174, 177-78 (E.D.N.C. 2001). Finding waiver, but holding that disclosure must be intentional to effect a waiver and that the reasonableness of precautions used to prevent disclosure is the most important factor in determining whether waiver occurs.
Amgen, Inc. v. Hoechst Marion Roussel, Inc., 190 F.R.D. 287, 292-93 (D. Mass. 2000). Where four small boxes of privileged documents were segregated in separate boxes and placed on a separate shelf from responsive, non-privileged documents, mistakenly picked up by a copy vendor, copied along with the non-privileged documents, and produced to opposing counsel, the court found that inadvertent production constituted a waiver.

Under the “middle” approach, a producing party had to take prompt and reasonable steps to recover a privileged document after an inadvertent disclosure was discovered. See Permian Corp. v. United States, 665 F.2d 1214, 1220-21 (D.C. Cir. 1981); KENNETH S. BROUN ET AL., MCCORMICK ON EVIDENCE § 93 (7th ed. 2016).

Federal Rule of Evidence 502, effective September 19, 2008, provides three ways that parties may avoid waiver through inadvertent production. First, FRE 502(d) enables a court to enter an order that disclosure will not result in waiver and may provide specific steps for clawing back privileged documents that have been produced. Fed. R. Evid. 502(d). A FRE 502(d) order obviates the need to apply the provisions of FRE 502(b). See § I.G.5.a(4), FRE 502(d) & (e): Court Order And Party Agreements, supra. Second, FRE 502(e) provides that a party agreement on the effect of disclosure in a federal proceeding is binding on the parties to the agreement, but not on other parties unless incorporated into a court order. Fed. R. Evid. 502(e). Given the substantial additional wealth of protection afforded by Fed. R. Evid. 502(d), parties obtain the best protection by having the court enter the FRE 502(e) agreements in a FRE 502(d) order. Third, if there is no FRE 502(d) order or FRE 502(e) agreement governing the effect of inadvertent disclosures, FRE 502(b) establishes the “middle,” fact-intensive, case-by-case approach as the federal standard for determining when inadvertent production is a federal proceeding or to a federal office or agency will result in waiver. Fed. R. Evid. 502(b). See Rajala v. McGuire Woods, LLP, Civil Action No. 08-2638-CM-DJW, 2010 WL 2949582, at *3-4 (D. Kan. July 22, 2010) (FRE 502 was enacted to address the conflict among courts regarding the effect of inadvertent disclosures); Amobi v. District of Columbia Dep’t of Corr., 262 F.R.D. 45, 52 (D.D.C. 2009) (noting that FRE 502 “overrides the long-standing strict construction of waiver” in the D.C. Circuit). As the following discussion makes clear, assembling the factual and evidentiary material to demonstrate compliance with the FRE 502(b) elements can be time-consuming and costly, and often could have been avoided through entry of a FRE 502(d) order or FRE 502(e) agreement.

FRE 502(b) provides:

(b) **Inadvertent Disclosure.** When made in a federal proceeding or to a federal office or agency, the disclosure does not operate as a waiver in a federal or state proceeding if:

(1) the disclosure is inadvertent;

(2) the holder of the privilege or protection took reasonable steps to prevent disclosure, and

(3) the holder promptly took reasonable steps to rectify the error, including (if applicable) following Federal Rule of Civil Procedure 26(b)(5)(B).
FRE 502(b)(1) requires that a disclosure be “inadvertent.” Although courts often combine the analysis of inadvertence with whether reasonable steps were taken to avoid disclosure because the effort taken to prevent disclosure is evidence that a party did not intend to disclose privileged material, a finding of inadvertence may be considered as an independent threshold question. Where a party intentionally discloses a privileged document but later rethinks the wisdom of the disclosure, the initial disclosure is not inadvertent. See, e.g., Francisco v. Verizon S., Inc., 756 F. Supp. 2d 705, 719 (W.D. Va. 2010) (production of notes after careful analysis, partial redaction, and designation as confidential not “inadvertent” despite producing party’s subsequent discovery that notes reflected communications with party’s general counsel); Silverstein v. Fed. Bureau of Prisons, No. 07-cv-02471, 2009 WL 4949959, at *11-13 (D. Colo. Dec. 14, 2009) (rejecting government’s assertion that production of privileged memorandum was inadvertent and finding that government had intentionally produced privileged memorandum to obtain litigation advantage and, only on the eve of a Rule 30(b)(6) deposition, sought to retrieve the memorandum and deny plaintiff discovery regarding the document). See also Amobi v. D.C. Dep’t of Corr., 262 F.R.D. 45, 53 (D.D.C. 2009) (adopting simple test for inadvertence: was the disclosure unintended?).

FRE 502 does not provide guidance on what constitutes “reasonable steps to prevent disclosure,” the second part of the test. The Explanatory Notes indicate that the rule is “flexible enough to accommodate” the multiple factors considered by courts under the “middle” approach. See Fed. R. Evid. 502(b) advisory committee’s note (citing, as examples, Hartford Fire Ins. Co. v. Garvey, 109 F.R.D. 323, 332 (N.D. Cal. 1985); Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 104 F.R.D. 103, 105 (S.D.N.Y. 1985)). “The rule does not specifically codify that test, because it is really a set of non-determinative guidelines that vary from case to case.” Id.

Courts interpreting FRE 502(b)(2) have considered the same factors applied by pre-FRE 502 decisions under the “middle of the road” approach. See United States v. Sensient Colors, Inc., No. 07-1275 JHR/JS, 2009 WL 2905474, at *3 (D.N.J. Sept. 9, 2009) (FRE 502’s approach is “essentially the same approach” as the middle approach adopted in Ciba-Geigy Corp. v. Sandoz Ltd., 916 F. Supp. 404, 411 (D.N.J. 1995)).

See:

Gilson v. the Pennsylvania State Police, No. 112-cv-00002, 2015 WL 403181, at *7 (W.D. Pa. Jan. 30, 2015). Court denied defendant’s motion to recover counsel’s notes where court found defendant failed to present sufficient evidence that it had taken reasonable steps to prevent production of privileged information, or that it had acted promptly to rectify the error. Finding that there were factors both supporting waiver and claw back relief, the court permitted defendant to try again at the time it submitted its motion for summary judgment.


Carlson v. Carmichael, No. 10-3579, 2013 WL 3778356, at *1-3 (E.D. Pa. July 19, 2013). The government waived privilege by producing handwritten notes that it thought were written by defendant but were actually written by a former Assistant U.S. Attorney who had previously worked on the case.
The court found that the government did not take reasonable steps to protect the privilege and that it could not give parties a “Mulligan” simply because of a change in counsel.

Smith v. Allstate Ins. Co., 912 F. Supp. 2d 242, 247-48 (W.D. Pa. 2012). The inadvertent disclosure of 7 out of 1,200 documents was not significant. Defendant immediately notified plaintiff of the issue and took reasonable measures to protect the privilege, including objecting to plaintiff’s use of the documents in a filing. Under these circumstances, the district court found that no waiver occurred.

Pilot v. Focused Retail Prop. I, LLC, 274 F.R.D. 212, 216 (N.D. Ill. 2011). Inadvertent production of privileged documents resulted in waiver because counsel failed to take reasonable steps to prevent disclosure (i.e., counsel failed to demonstrate any screening process at the time of production, production was limited, and counsel had two months to review the documents) and because counsel failed to take reasonable steps to rectify the error (i.e., he failed to object when the privileged documents—some of which he authored—were used during deposition).


Edelen v. Campbell Soup Co., 265 F.R.D. 676, 698 (N.D. Ga. 2010). Privilege not inadvertently waived where (1) only four out of 2,000 pages disclosed were privileged; (2) documents were checked by three attorneys before production; and (3) counsel immediately sought their return.

Conceptus, Inc. v. Hologic, Inc., No. C-09-02280, 2010 WL 3911943, at *2 (N.D. Cal. Oct. 5, 2010). Privilege waived where privileged document was produced in prior litigation and a second time in the case before the court. The producing party did not present evidence regarding what steps were taken to avoid disclosure in the first case, and producing party admitted that it did not review the prior production before producing it again in the instant litigation.

HSH Nordbank AG N.Y. Branch v. Swerdlow, 259 F.R.D. 64, 74-75 (S.D.N.Y. 2009). Nine documents inadvertently produced after millions of pages of documents were reviewed was “minuscule” and, thus, there was no waiver of privilege.

Multiquip, Inc. v. Water Mgmt. Sys. LLC, No. CV 08-403-S-EJL-REB, 2009 WL 4261214, at *4-5 (D. Idaho Nov. 23, 2009). No waiver when the defendant accidentally forwarded his attorney’s email to the opposing side. The mistake was inadvertent because the email program’s autofill feature filled in the wrong name, which had not occurred in hundreds of previous emails.

Heriot v. Byrne, 257 F.R.D. 645, 655 (N.D. Ill. 2009). Applying multi-factor test from cases predating FRE 502, including the total number of documents reviewed and the procedures used to review the documents prior to production.

Coburn Grp., LLC v. Whitecap Advisors LLC, 640 F. Supp. 2d 1032, 1038-39 (N.D. Ill. 2009). Review for privilege and work product conducted by experienced paralegals, who were given specific direction and supervised by lead counsel, was not unreasonable.

The advisory committee’s note to FRE 502 specifically addresses the use of technology to identify potentially privileged material: “Depending on the circumstances, a party that uses advanced analytical software applications and linguistic tools in screening for privilege and work product may be found to have taken ‘reasonable steps’ to prevent inadvertent disclosure.” FED. R. EVID. 502(b) advisory committee’s note; see also Datel Holdings Ltd. v. Microsoft Corp., No. C-09-05535 EDL, 2011 WL 866993, at *4 (N.D. Cal. Mar. 11, 2011) (finding that reasonable steps had been taken to prevent disclosure where defendant used a “computerized document processing system to organize its documents which, unbeknownst to [d]efendant, suffered a software failure”). However, merely using software applications or keyword
searches may not be sufficient to demonstrate “reasonable steps” if they are not applied appropriately or tested for quality prior to production. See Mt. Hawley Ins. Co. v. Felman Prod., Inc., 271 F.R.D. 125, 135-36 (S.D. W. Va. 2010) (among other factors, plaintiff’s failure to test reliability of key word searches by appropriate sampling demonstrated lack of reasonable steps to avoid waiver); Victor Stanley, Inc. v. Creative Pipe, Inc., 250 F.R.D. 251, 256-57 (D. Md. 2008) (in a pre-FRE 502 case, where keyword search failed to identify 165 privileged documents, due in part to the producing party’s failure to convert non-text searchable ESI into text searchable documents prior to keyword search and failure to conduct pre-production quality assurance testing, producing party did not take “reasonable steps” prior to production, because “while it is universally acknowledged that keyword searches are useful tools for search and retrieval of ESI, all keyword searches are not created equal; and there is a growing body of literature that highlights the risks associated with conducting an unreliable or inadequate keyword search or relying exclusively on such searches for privilege review”); Rhoads Indus., Inc. v. Bldg. Materials Corp. of Am., 254 F.R.D. 216, 226-27 (E.D. Pa. 2008) (applying FRE 502, court found producing party had not taken “reasonable steps” pre-production where keyword search failed to identify 800 privileged documents as a result of several omissions, including failing to search for names of outside counsel, searching only address lines and not the body of emails, and failing to conduct careful quality assurance testing prior to production; nevertheless, court found no waiver based on overriding interests of justice).

FRE 502(b) departs somewhat from earlier approaches to what constitutes “prompt reasonable steps to rectify the error.” The Explanatory Notes provide that FRE 502(b) “does not require the producing party to engage in a post-production review to determine whether any protected communication or information has been produced by mistake.” FED. R. EVID. 502(b) advisory committee’s note. See Gilday v. Kenra, Ltd., No. 1:09-cv-00229-TWP-TAB, 2010 WL 3928593, at *5 (S.D. Ind. Oct. 4, 2010) (no obligation to double or triple check privilege log). Instead the rule requires the producing party “to follow up on any obvious indications that a protected communication or information has been produced inadvertently.” FED. R. EVID. 502(b) advisory committee’s note. See Heriot v. Byrne, 257 F.R.D. 645, 660-62 (N.D. Ill. 2009) (finding no waiver, even though party claiming privilege had conducted no post-production review, where party had acted promptly to assert privilege upon realizing mistake); see also Coburn Grp., LLC v. Whitecap Advisors LLC, 640 F. Supp. 2d 1032, 1040-41 (N.D. Ill. 2009) (recognizing that FRE 502(b) does not require post-production review but only prompt action to rectify an inadvertent disclosure after party has learned of error; here, court found that defendant’s inadvertent disclosure of email did not waive work product protection where counsel immediately objected to opponent’s use of email during deposition upon learning of disclosure and sought the documents return the next day). See also Jacob v. Duane Reade, Inc., No. 11 Civ. 160, 2012 WL 651536, at *3-7 (S.D.N.Y. Feb. 28, 2012) (defendant waived privilege where it failed immediately to assert privilege when inadvertently produced document was used by its adversary in a deposition).

To the extent that FRE 502 applies, inadvertent waiver will not result in subject matter waiver. FED. R. EVID. 502(a) advisory committee’s note (“Thus, subject matter waiver is limited to situations in which a party intentionally puts protected information into the litigation in a selective, misleading manner. It follows that an inadvertent disclosure of protected information can never result in a subject matter waiver.”).
Lawyers who receive privileged material that was inadvertently disclosed by their opponent should consult applicable ethics guidelines to determine what steps are appropriate. Some jurisdictions require that a lawyer receiving inadvertently produced material not review it and immediately notify the sender. See, e.g., Rico v. Mitsubishi Corp., 171 P.3d 1092, 1099 (Cal. 2007) (“When a lawyer who receives materials that obviously appear to be subject to an attorney-client privilege or otherwise clearly appear to be confidential and privileged and where it is reasonably apparent that the materials were provided or made available through inadvertence, the lawyer receiving such materials should refrain from examining the materials any more than is essential to ascertain if the materials are privileged, and shall immediately notify the sender . . . . The parties may then proceed to resolve the situation by agreement or may resort to the court for guidance . . . .”) (quoting State Comp. Ins. Fund v. WPS, Inc., 82 Cal. Rptr. 2d 799, 807 (Cal. Ct. App. 1999)); Fiber Materials, Inc. v. Subilia, 974 A.2d 918, 928 (Me. 2009) (criticizing conduct of in-house attorney who discovered email between company’s former president and his personal attorney on former president’s company laptop computer and allowed the document to be filed with the company’s complaint knowing that there was a potential privilege issue); D.C. RULES OF PROF’L CONDUCT R. 4.4(b) (“A lawyer who receives a writing relating to the representation of a client and knows, before examining the writing, that it has been inadvertently sent, shall not examine the writing, but shall notify the sending party and abide by the instructions of the sending party regarding the return or destruction of the writing.”). N.Y. City Bar Ass’n Comm. on Prof’l Ethics, Op. 2012-01 (2012) (“[A] lawyer who receives such a document must promptly notify the sender (in addition to identifying and following applicable substantive law), but has no other obligations under the New York Rules of Professional Conduct with respect to the retention, return, destruction, review or use of the document or its contents.”).

The ABA and some jurisdictions put fewer restrictions and obligations on the receiving lawyer. The ABA Standing Committee on Ethics and Professional Responsibility withdrew Formal Opinion 92-368 (1992) in the Committee’s Formal Opinion 05-437 (2005). Formal Op. 05-437 provides: “A lawyer who receives a document from opposing parties or their lawyers and knows or reasonably should know that the document was inadvertently sent should promptly notify the sender in order to permit the sender to take protective measures.” The Committee noted Rule 4.4(b) of the ABA Model Rules of Professional Conduct “does not require the receiving lawyer either to refrain from examining the materials or to abide by the instructions of the sending lawyer. Comment [2] to Rule 4.4 explains: ‘[W]ether the lawyer is required to take additional steps, such as returning the original document, is a matter of law beyond the scope of these Rules, as is the question of whether the privileged status of a document has been waived.’” See also COLO. RULES OF PROF’L CONDUCT R. 4.4(c) (2008) (lawyer shall not examine document if previously receives notice from sender, and shall abide by sender’s instructions); Mt. Hawley Ins. Co. v. Felman Prod., Inc., 271 F.R.D. 125, 130-31 (S.D. W. Va. 2010) (if otherwise privileged material is sent and it is not the result of the sender’s inadvertence, then Model Rule of Professional Conduct 4.4(b) does not apply, and the receiving lawyer does not have to notify the sender).

Lawyers who receive potentially privileged material should also review any applicable confidentiality order to determine if there are court-ordered prohibitions on reviewing and using inadvertently produced material. See, e.g., In re Disposable Contact Lens Antitrust Litig., No. 3:15-md-2626-J-20JRK, 2016 WL 7115998, at *3-4 (M.D. Fla. Oct. 24, 2016)
(upholding confidentiality order precluding a receiving party from reviewing or using potentially privileged, inadvertently disclosed documents for any purpose other than moving the court for an order to compel).

8. Involuntary Disclosure

Traditional attorney-client privilege analysis required absolute confidentiality in attorney-client communications. See 8 JOHN H. WIGMORE, EVIDENCE §§ 2325-26 (Supp. 2019). Thus, the client assumed the risk that some third party would obtain the otherwise privileged information, whether by surreptitiously overhearing the conversation or by later theft. See In re Grand Jury Proceedings Involving Berkley & Co., 466 F. Supp. 863, 869 (D. Minn. 1979).

The modern trend has been to maintain the privilege where reasonable precautions have been taken against eavesdropping or theft. Dukes v. Wal-Mart Stores, Inc., No. 01-cv-2252 CRB (JSC), 2013 WL 1282892, at *4-6 (N.D. Cal. Mar. 26, 2013) (no waiver of attorney-client privilege where party established extensive efforts to maintain confidentiality of a document that was disclosed to newspaper without party’s authorization); Resolution Trust Corp. v. Dean, 813 F. Supp. 1426, 1429 (D. Ariz. 1993) (unauthorized disclosure of internal memo subject to strict confidentiality restrictions did not waive privilege); see In re Davco Corp. Derivative Sec. Litig., 102 F.R.D. 468, 470 (S.D. Ohio 1984) (diary subject to attorney-client and work product privilege remained privileged after publication of excerpts in a newspaper where no indication existed that the diary was voluntarily supplied to the paper); Walton v. Mid-Atl. Spine Specialists, P.C., 694 S.E.2d 545, 551 (Va. 2010) (“involuntary means that another person accomplished the disclosure through criminal activity or bad faith,” not the holder’s subjective intention). Cf. City of Pontiac General Employees’ Retirement System v. Wal-Mart, Inc., No. 5:12-cv-5162, 2018 WL 1558572, at *2-3 (W.D. Ark. Mar. 29, 2018) (media publication of stolen privileged documents waived privilege as to those documents, but not as to undisclosed information).

Where the party asserting a waiver of the privilege has itself engaged in improper conduct resulting in inadvertent production, courts have been particularly protective of the subject of such conduct. For example, in Stephen Slesinger, Inc. v. Walt Disney Co., No. BC 022365, 2004 WL 612818, at *1-12 (Cal. Super. Ct. Mar. 29, 2004), the plaintiff hired a private investigator to obtain documents from the defendant over a multi-year period. The private investigator apparently obtained documents from Disney trash bins on Disney property and, in some cases, off desktops at Disney. The plaintiff or its private investigator further altered certain of these documents to remove headers or other indicia of attorney-client privilege. The plaintiff maintained that it had obtained all of its documents from a single Disney dumpster, but the court rejected this claim in light of the time-span and variety of documents involved and the credibility of the plaintiff’s witnesses. In light of the plaintiff’s illegal and abusive discovery behavior, the court not only declined to find a waiver on the defendant’s part, but directed a verdict against the plaintiff as a discovery sanction. Id. at *13.

Where, however, insufficient precautions have been taken to maintain confidentiality, discovery by a third person may still result in waiver. For example, where privileged documents are placed in a trash can and thereafter recovered by a third party, some courts will
find a waiver to have occurred. *See Suburban Sew ‘N Sweep, Inc. v. Swiss-Bernina, Inc.*, 91 F.R.D. 254, 260 (N.D. Ill. 1981) (noting the “modern trend” toward finding a lack of waiver in “eavesdropper” cases, but concluding that “if the client or attorney fear such disclosure, it may be prevented by destroying the documents or rendering them unintelligible before placing them in a trash dumpster”).

Under the “involuntary disclosure” doctrine, articulated in proposed, but not enacted, Rule of Evidence 512, “evidence of a statement or other disclosure of privileged matter is not admissible against the holder of the privilege if the disclosure was (a) compelled erroneously or (b) made without opportunity to claim the privilege.” *Hopson v. Mayor & City Council of Balt.*, 232 F.R.D. 228, 241 (D. Md. 2005) (quoting Proposed Rule of Evidence 512, 56 F.R.D. 183, 259). Although not enacted, courts have applied the Rule 512 standard where a party was compelled to disclose privileged material.

*See:*

*Hollins v. Powell*, 773 F.2d 191, 196 (8th Cir. 1985). No waiver where, following the court’s denial of the city’s motion to quash, city objected to deposition questions of a city attorney on privilege grounds, pursuant to court order allowed the attorney to answer, but subsequently asserted the privilege at trial.

*In re Vargas*, 723 F.2d 1461, 1466 (10th Cir. 1983). In dicta, court stated, “because an attorney cannot waive the attorney-client privilege without the client’s consent, production of privileged documents by an attorney under court order does not necessarily constitute a waiver of the privilege.”


*Regents of Univ. of Cal. v. Super. Court*, 81 Cal. Rptr. 3d 186, 194 (Cal. Ct. App. 2008). Applying California law, the court held that disclosure of privileged information to federal agencies investigating defendants for criminal wrongdoing was involuntary and did not waive privilege in subsequent litigation.

9. “At Issue” Claims And Defenses

The attorney-client privilege may be deemed waived when the privileged communication is put “at issue” in litigation. This occurs when the client affirmatively puts privileged communications at issue, for example, by alleging that she relied on the advice of counsel, misunderstood an agreement, or diligently investigated a claim. *See, e.g.*, *United States v. Mendelsohn*, 896 F.2d 1183, 1188-89 (9th Cir. 1990) (party waived privilege by asserting reliance on counsel’s advice that conduct was legal); *Koumoulis v. Indep. Fin. Mktg. Grp.*, 295 F.R.D. 28, 47-48 (E.D.N.Y. 2013), *aff’d*, 29 F. Supp. 3d 142 (E.D.N.Y. Jan. 21, 2014) (defendant waived privilege over internal investigation by relying on reasonableness of its investigatory policies as a defense); *United States v. Dish Network, L.L.C.*, 283 F.R.D. 420, 423-25 (C.D. Ill. 2012) (in a telemarketing fraud action, defendant waived privilege by asserting affirmative defense that it implemented proper monitoring procedures); *Angelone v. Xerox Corp.*, No. 09-CV-6019, 2011 WL 4473534, at *2 (W.D.N.Y. Sept. 26, 2011) (“[T]he clear majority view is that when a Title VII defendant affirmatively invokes a *Faragher-Ellerth* defense that is premised, in whole in or part, on the results of an internal investigation, the defendant waives the attorney-client privilege and work product protections for not only the report itself, but for all documents, witness interviews, notes and memoranda created as part

Raising defenses to a criminal or civil action that the client’s legal assistance was ineffective, negligent or wrongful would also waive the privilege. See United States v. Pinson, 584 F.3d 972, 977-78 (10th Cir. 2009) (listing cases from several Circuits and finding unanimous federal authority that a claim of ineffective assistance of counsel waives the privilege); Bittaker v. Woodford, 331 F.3d 715, 719-21 (9th Cir. 2003) (asserting ineffective assistance of counsel regarding prior habeas petition waived privilege only with respect to issues related to habeas petition); In re Cont’l Ill. Sec. Litig., 732 F.2d 1302, 1315 n.20 (7th Cir. 1984); Tasby v. United States, 504 F.2d 332, 336 (8th Cir. 1974); United States v. Woodall, 438 F.2d 1317, 1324-25 (5th Cir. 1970) (en banc).

Similarly, where a client asserts a claim for malpractice against an attorney, the party waives the privilege with respect to the advice at issue. See Christenbury v. Locke Lord Bissell & Liddell, LLP, 285 F.R.D. 675, 681-84 (N.D. Ga. 2012) (plaintiff waived privilege when it alleged professional negligence related to advice on a transaction; waiver extended to advice on the same transaction provided by other attorneys not party to the suit); Aurora Loan Servs., Inc. v. Posner, Posner & Assocs., P.C., 499 F. Supp. 2d 475, 478 (S.D.N.Y. 2007) (plaintiff waived attorney-client privilege when it alleged damages on the basis of lost interest related to failure of defendant to prosecute plaintiff’s claims); Nat’l Excess Ins. Co. v. Civerolo, Hansen & Wolf, P.A., 139 F.R.D. 398, 400 (D.N.M. 1991) (affirming magistrate judge’s order to plaintiff-client in legal malpractice action to produce privileged documents); Byers v. Burleson, 100 F.R.D. 436, 440 (D.D.C. 1983) (finding plaintiff in malpractice action waived the privilege because the information defendant attorney sought was necessary to resolve an issue the plaintiff interjected into the case); In re Marriage of Bielawski, 764 N.E.2d 1254, 1263-64 (Ill. App. Ct. 2002) (holding that privilege was waived in later action to rescind marital settlement agreement where wife sued former attorney for malpractice related to the same); but see Jackson v. Greger, 854 N.E.2d 487, 491 (Ohio 2006) (in malpractice action against plaintiff’s criminal attorney, privilege over attorney-client communications and related work
product documentation of plaintiff’s appellate counsel was not waived by plaintiff’s discussion with appellate counsel regarding the possible negligent representation by her criminal attorney).


While courts generally agree that a party must make an affirmative act to inject privileged information into a proceeding to put the privileged information “at issue,” they disagree regarding the specific test for waiver. A frequently cited test was adopted by the court in Hearn v. Rhey, 68 F.R.D. 574, 581 (E.D. Wash. 1975), which established a relatively low “relevance” test. In order to result in “at issue” waiver under the Hearn approach: (1) a party asserting privilege must take an affirmative act that (2) makes the protected information relevant to the case, and (3) application of the privilege would deny the opposing party access to information vital to defending against the affirmative assertion.

Other courts have applied a narrower “relying on” standard. For example, in In re Erie County, 546 F.3d 222, 229 (2d Cir. 2008), the Second Circuit Court of Appeals rejected the Hearn approach as too broad and not sufficiently protective of the privilege, and held that “at issue” waiver will occur only where there is some showing that the party asserting the privilege is relying on privileged communications for a claim or defense or as an element of a claim or defense. Making counsel’s advice “relevant” is not sufficient under this narrower standard.

For cases applying the Hearn “relevance” test, see:


Williams v. Sprint/United Mgmt. Co., 464 F. Supp. 2d 1100, 1107 (D. Kan. 2006). Defendant’s assertion of good-faith compliance with the Age Discrimination in Employment Act on the basis of its internal anti-discrimination policies and the training that its employees received concerning those policies did not waive the attorney-client privilege; the mere fact that the internal guidelines required coordination of disparate impact analysis with the legal department was insufficient to trigger a waiver.

Roehrs, M.D. v. Minn. Life Ins. Co., 228 F.R.D. 642, 646-47 (D. Ariz. 2005). Defendant waived privilege with regard to communications between insurance adjusters and in-house counsel when the defendant
affirmatively relied on those communications to show good faith on behalf of the adjusters in denying the plaintiff’s claims.

For cases applying the narrower “relying on” test, see:

Rhone-Poulenc Rorer, Inc. v. Home Indem. Co., 32 F.3d 851, 863-64 (3d Cir. 1994). Plaintiff did not waive attorney-client privilege merely by filing suit where plaintiff’s state of mind was an issue in the litigation. Although attorney-client communications might have been relevant to the question, plaintiff did not rely on the contents of any communications.

Trs. the Elec. Workers Local No. 26 Pension Trust Fund v. Trust Fund Advisors, Inc., 266 F.R.D. 1, 11-13 (D.D.C. 2010). The court adopted In re Erie County and criticized Hearn, predicting that the D.C. Circuit would do the same.

Nesselrotte v. Allegany Energy Inc., No 06-01390, 2008 WL 2858401, at *6-7 (W.D. Pa. July 22, 2008). The defendant corporation did not waive the attorney-client privilege by asserting a defense of poor job performance to a former in-house counsel’s employment discrimination claim. In reaching its conclusion, the court noted that the corporation did not disclose or describe any attorney-client information in its answer or motion for summary judgment.

Atl. Inv. Mgmt., LLC v. Millennium Fund I, Ltd., 212 F.R.D. 395, 398-99 (N.D. Ill. 2002). Attorney-client privilege was waived where plaintiffs “selectively disclosed communications with their attorneys . . . in order to prove their claims—or to preempt an anticipated defense.”

Harter v. Univ. of Indianapolis, 5 F. Supp. 2d 657, 664-65 (S.D. Ind. 1998). Plaintiff, asserting a claim against his former employer under the Americans with Disabilities Act (“ADA”), did not waive the attorney-client privilege by alleging that his former employer failed to make reasonable accommodations for his disability through good-faith negotiations with the plaintiff’s attorney. While the plaintiff’s claim placed his purported effort of making good-faith negotiations at issue, the plaintiff did not depend on privileged communications to make out his ADA claim.

Bertelsen v. Allstate Ins. Co., 796 N.W.2d 685, 703 (S.D. 2011) (citations omitted). “We supplement the Hearn test to emphasize further the importance of protecting the attorney-client privilege. First, the analysis of this issue should begin with a presumption in favor of preserving the privilege. Second, a client only waives the privilege by expressly or impliedly injecting his attorney’s advice into the case. A denial of bad faith or an assertion of good faith alone is not an implied waiver of the privilege. . . . The key factor is reliance of the client upon the advice of his attorney. Finally, a client only waives the privilege to the extent necessary to reveal the advice of counsel he placed at issue.”

a. Reliance On Advice Of Counsel

A client who claims that he acted pursuant to the advice of a lawyer cannot use the privilege to immunize that advice from scrutiny. See Chevron Corp. v. Pennzoil Co., 974 F.2d 1156, 1162-63 (9th Cir. 1992); Restatement (Third) of the Law Governing Lawyers § 80 (2000). Such a defense places the lawyer’s advice at issue and waives the privilege for all materials concerning the same subject matter. See Kenneth S. Broun et al., McCormick on Evidence § 93 (7th ed. 2016).

See also:

In re Grand Jury Proceedings Oct. 12, 1995, 78 F.3d 251, 254-55 (6th Cir. 1996). The owner and president of a laboratory disclosed to government investigators that they had consulted Medicare attorney regarding certain charging practices reflected in the laboratory’s marketing plan and that they had relied on the attorney’s advice. Court held that the laboratory had waived the attorney-client
privilege with respect to the specific aspect of the marketing plan discussed with investigators, but not with respect to other aspects of the marketing plan discussed with the attorney.

_Glenmede Trust Co. v. Thompson_, 56 F.3d 476, 486-87 (3d Cir. 1995). Plaintiff shareholders were entitled to law firm’s file concerning services provided to defendant corporation. Court concluded that defendant had waived the privilege for these materials by alleging that it had relied on the law firm’s advice about tax regulations.

_Chevron Corp. v. Pennzoil Co._, 974 F.2d 1156, 1162-63 (9th Cir. 1992). Pennzoil claimed it had reasonably relied on counsel for its position that purchase of stock in Chevron would receive favorable tax treatment. Court stated that no attorney-client privilege existed for documents relating to counsel’s position since the party cannot shield documents that could possibly refute the defense.

_United States v. Bilzerian_, 926 F.2d 1285, 1292-94 (2d Cir. 1991). Court refused to permit party to testify that he believed in good faith, based on advice of counsel, that his actions were legal without being subject to cross-examination about the basis for this belief and the actual communications he had with his attorney.

_Conkling v. Turner_, 883 F.2d 431, 435 (5th Cir. 1989). Plaintiff claimed that he did not know of the falsity of some information until his attorney notified him. Court found that attorney was subject to deposition because these privileged communications had been placed in issue by plaintiff.

_Cosgrove v. Nat’l Fire & Marine Ins. Co._, No. 2:14-cv-2229-HRH, 2016 WL 4578139, at *4-5 (D. Ariz. Sept. 2, 2016). Court held it was more probable than not that defendant consulted coverage counsel and necessarily relied on the information received in evaluating the strength of insured’s claims. As a result, the court held that defendant’s subjective reasonableness claim put its attorney-client communications at issue and could not shield those communications, which could be vital to plaintiff’s case.

_Hege v. Aegon USA, LLC_, Nos. 8:10-cv-1578-GRA, 7:10-cv-1630-GRA, 7:10-cv-1631-GRA & 1:10-cv-1635-GRA, 2011 WL 1791883, at *5 (D.S.C. May 10, 2011). By asserting as an affirmative defense that it acted reasonably and in good faith, defendant-insurer put at issue the evidence it used in deciding to change its payment methodology. Attorney-client privilege was therefore waived as to a report prepared by law firm concerning the legality of the proposed change.

_Ariz. ex rel. Goddard v. Frito-Lay, Inc._, 273 F.R.D. 545, 561 (D. Ariz. 2011). Instead of simply stating its conclusion that reasonable cause existed, state civil rights agency issued its reasonable cause determination under the signature of one of its lawyers. In so doing, agency had waived “all attorney-client . . . privilege” that it may have had in its investigation of discrimination complaint and its preparation of the reasonable cause decision.

_Brigham & Women’s Hosp. Inc. v. Teva Pharm. USA, Inc._, 707 F. Supp. 2d 463, 471 (D. Del. 2010). Plaintiff’s assertion of advice of counsel as a defense to a claim of inequitable conduct during prosecution of patent applications resulted in subject matter waiver.

_In re Human Tissue Prods. Liiab. Litig._, 255 F.R.D. 151, 160 (D.N.J. 2008). Defendants waived privilege as to communications with attorneys hired to conduct background check. Defendants put communications at issue by claiming that they acted in good faith in dealing with company selling stolen human tissue since background check revealed no relevant wrongdoing by company’s principal.

_Sharp Image Corp. v. Honeywell Int’l Inc._, 222 F.R.D. 621, 638-40 (N.D. Cal. 2004). Defendant’s reliance on advice of counsel regarding patent infringement waived the privilege with regard to communications on infringement issues. Waiver applied to relevant communications pre- and post-complaint in the instant action. However, the waiver did not extend to the defendant’s communications with counsel regarding two pending patent applications.
By relying on the advice of counsel to defend his actions, defendant waived the attorney-client privilege with regard to all communications on the subject matter of that advice.

Court found that a defense of good faith reliance on the advice of Department of Labor acted as waiver of the attorney-client privilege. Party cannot ask for an inference of good faith and then use the privilege to shield information that could show there was no good faith reliance.

Taxpayer asserted as a defense to “accuracy related” penalties that he reasonably believed that his tax treatment of partnership items was more likely than not the proper tax treatment at the time of filing. Court held that taxpayer waived the attorney-client privilege over any communications or tax opinions that he received before taking his position that reflected the content of taxpayer’s legal knowledge, understanding, and beliefs.

In a dispute over whether a settlement was an ordinary or capital loss, plaintiff filed an affidavit which set forth its internal position concerning the intent behind the settlement. Court found that this placed in issue factual matters surrounding confidential communications and thus waived the attorney-client privilege.

But see:

Hartz Mountain Indus., Inc. v. Comm’r, 93 T.C. 521, 525 (T.C. 1989). In a dispute over whether a settlement was an ordinary or capital loss, plaintiff filed an affidavit which set forth its internal position concerning the intent behind the settlement. Court found that this placed in issue factual matters surrounding confidential communications and thus waived the attorney-client privilege.

But see:

In re Grand Jury Subpoena Duces Tecum, 798 F.2d 32, 34 (2d Cir. 1986). Holding that “the assertion that the corporation was acting upon the advice of counsel does not establish, without more . . . that the attorney-client privilege was waived.’”

General statements made during depositions of defendant’s secretary and general counsel that the board of directors relied on the advice of counsel in deciding not to appoint a special committee and in deciding whether to obtain a second valuation did not waive privilege. The court determined that these statements were general statements, and, importantly, the company made it clear to the court that it did not intend to rely on an advice of counsel defense at trial.

Plaintiff did not put counsel’s advice at issue where the CEO stated in his deposition that a document was “vetted by counsel,” but he had not relied on the advice of counsel to determine the document’s contents. The court found that advice of counsel was not put “at issue” merely because it may have affected the client’s state of mind in a relevant matter.

Court found that it had conferred with counsel as evidence of good faith did not waive privilege where party specifically chose not to assert advice of counsel defense. “The focus of [the trustee’s] ‘good faith’ defense is on the nature of the inquiry that [it] undertook, not the substance of the legal advice that was eventually provided.”

Where defendants had intentionally used attorney-client communications in support of advice of counsel defense, court granted limited protective order that compelled in-house counsel to give deposition but strictly limited the scope of the deposition.

Fleeting and uncertain comment in deposition regarding advice of counsel did not waive privilege because opponent was not placed at any disadvantage by comment, which called for no impeachment.

Standard Chartered Bank PLC v. Ayala Int’l Holdings (U.S.), Inc., 111 F.R.D. 76, 83 (S.D.N.Y. 1986). Privilege is waived when communications are themselves at issue in the litigation only where (1) the very subject of the privileged communications is critically relevant to the issue to be litigated, (2) there is a good faith basis for believing that such essential privileged communications exist, and (3) there is no other source of direct proof on the issue.

In re Comverge, Inc. ’Holders Litig., Civil Action No. 7368-VCP, 2013 WL 1455827, at *5 (Del. Ch. Apr. 10, 2013). Defendants did not place counsel’s advice at issue when they asserted that the board of directors had consulted counsel before making a decision. This assertion, made only to refute plaintiff’s claim that the board had not sought legal advice, was not enough to waive the privilege.

See also: In re Grand Jury Subpoena, 341 F.3d 331, 336-37 (4th Cir. 2003). A client may waive the attorney-client privilege through his answers to FBI agents’ questions during a non-custodial interview. When agents asked witness why he had answered “no” to a question on an INS “green card” application, the man answered that he had done so on the advice of his attorney. The court held that this answer waived the privilege and enabled the government to question the attorney before a grand jury about otherwise privileged communications.

b. Lack Of Understanding

In some cases, a client may place communications with her attorney at issue by asserting a defense of lack of understanding of the terms or extent of an agreement. In Synalloy Corp. v. Gray, 142 F.R.D. 266, 270 (D. Del. 1992), the parties signed an agreement that extinguished all “pending claims” between them. Defendant claimed this agreement extinguished liability for a short swing profit claim. Plaintiff argued that, under its understanding of the agreement, the profit claim was not covered, and it would never have agreed to extinguish such a claim. The court held that the misunderstanding injected a new issue of inducement through fraudulent misrepresentation, and therefore the communications of the attorney would be required to determine reliance and lack of understanding. Thus, the court held that plaintiff waived the privilege by introducing this new issue to the litigation. Id.; see also Sax v. Sax, 136 F.R.D. 542, 543 (D. Mass. 1991) (asserting lack of mutual understanding of memorandum agreement waived attorney-client privilege); Pitney-Bowes, Inc. v. Mestre, 86 F.R.D. 444, 447 (S.D. Fla. 1980) (same); Stovall v. United States, 85 Fed. Cl. 810, 815 (Fed. Cl. 2009) (government’s intention to use communications with counsel as parol evidence in a breach of contract case waived privilege by putting communications at issue).

A party may waive the attorney-client privilege regarding legal advice received in a transaction by asserting a claim that requires proof of reasonable reliance on another party’s representation. Union Cnty., Iowa v. Piper Jaffray & Co., 248 F.R.D. 217, 222-23 (S.D. Iowa 2008); see also Synalloy, 142 F.R.D. at 269-70 (waiver resulted because a counterclaim for fraudulent misrepresentation put at issue whether the defendant’s reliance was reasonable). In Union County, Iowa v. Piper Jaffray & Co., plaintiff, a county government, waived its privilege by placing at issue the reasonableness of its reliance on its financial advisor in connection with a bond offering. Plaintiff sued its bond advisor for breach of fiduciary duty, breach of contract,
negligent misrepresentation, negligence, and fraud after the bond insurer went bankrupt. Adopting a test that balanced the importance of the attorney-client relationship against the interests of fundamental fairness, the court held that plaintiff placed at issue any intervening or superseding causes, such as tax or legal advice, because several of the claims required the county to demonstrate that it reasonably relied on defendant’s advice. 248 F.R.D. at 222-23.

c.  Diligence And Fraudulent Concealment

The activities and communications of attorneys may also be placed in issue to prove or disprove an attorney’s diligence. In New York v. Cedar Park Concrete Corp., 130 F.R.D. 16, 18-19 (S.D.N.Y. 1990), the state claimed that defendant’s fraudulent concealment prevented detection of his acts and thus tolled the statute of limitations. The court determined that the state’s correspondence, memoranda, and attorney work papers were necessary to refute the defense of concealment. The court therefore found the privilege waived and ordered production of the papers relevant to the concealment period.

See also:

Byers v. Burleson, 100 F.R.D. 436, 440 (D.D.C. 1983). Plaintiff asserted that the statute of limitations was tolled since his opponent had fraudulently concealed his activities. Court held that this waived the privilege for all communications relating to plaintiff’s knowledge that a claim had arisen.

3M Co. v. Engle III, 328 S.W.3d 184, 190 (Ky. 2010). Plaintiffs waived privilege by alleging that they satisfied one-year statute of limitations because they first learned of the bases of their claims from their lawyers within one year of filing their complaint.

d.  Extent Of “At Issue” Waiver

In cases where a client has waived the privilege by placing privileged communications in issue, the scope of the resulting waiver may extend to communications bearing on that subject matter that the court deems necessary to litigate the issue fairly. However, waiver only affects those communications that address the issue raised by the client, and not related issues. See Pray v. N.Y. City Ballet Co., No. 96 Civ. 5723 RLC, 1998 WL 558796, at *2-3 (S.D.N.Y. Feb. 13, 1998) (privilege waived where defendant asserted as an affirmative defense to a sexual harassment claim that it took reasonable steps to remedy plaintiff’s complaints by conducting an internal investigation, but only with respect to communications concerning the steps taken to carry out the investigation and not with respect to the advice given to defendant by its attorneys before and after the internal investigation); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 79 (2000).

See also:

Lambright v. Ryan, 698 F.3d 808, 817-20 (9th Cir. 2012). The court clarified that the holding in Bittaker v. Woodford, described below, extended to the entire habeas litigation, not just pre-trial discovery. Accordingly, it was improper for the district court to modify its protective order and to allow state prosecutors to use evidence from the petitioner’s evidentiary hearing against him at a state resentencing hearing.
Bittaker v. Woodford, 331 F.3d 715, 719-21 (9th Cir. 2003). By asserting ineffective assistance of counsel related to prior habeas petition, criminal litigant effected implied waiver of attorney-client privilege, but only as to issues related to habeas petition, and only to the extent necessary to allow the state to fairly litigate matters put at issue.

In re Grand Jury Proceedings Oct. 12, 1995, 78 F.3d 251, 254-55 (6th Cir. 1996). The owner and president of a laboratory disclosed to government investigators that they had consulted Medicare attorney regarding certain charging practices reflected in the laboratory’s marketing plan and that they had relied on the attorney’s advice. Court held that the laboratory had waived the attorney-client privilege with respect to the specific aspect of the marketing plan discussed with investigators, but not with respect to other aspects of the marketing plan discussed with the attorney.

In re Lidoderm Antitrust Litig., No. 14-md-02521, 2016 WL 4191612, at *5-6 (N.D. Cal. Aug. 9, 2016). In litigation over a settlement alleged to be anticompetitive, defendants could not testify at trial about their reasons for entering into the settlement without waiving privilege over communications with counsel who acted as the principal negotiators and advisors regarding the settlement. Even if defendants asserted non-legal reasons for entering into the settlement, plaintiff would be entitled to test the truth of defendants’ statements with contemporaneous information, including otherwise privileged communications.

Foster v. City of New York, No. 14 Civ. 4142 (PGG)(JCF), 2016 WL 524639, at *4-5 (S.D.N.Y. Feb. 5, 2016). Applying a fairness analysis, the court held that the City impliedly waived attorney-client privilege and work product protection by asserting an advice-of-counsel defense. However, in considering the scope of waiver, the court tailored the waiver to encompass only communications between counsel for the City and non-attorney City employees concerning the relevant topic (the legality of the City’s policies), and not internal communications and other information created by and communicated only among counsel.

In re Fresh & Process Potatoes Antitrust Litig., No. 4:10-md-02186-BLW-CWD, 2014 WL 1413676, at *3-7 (D. Idaho Apr. 11, 2014). Certain defendants asserted a good faith defense based on advice of counsel and entered into what they characterized as a “narrow” waiver agreement with plaintiffs. These defendants argued that waiver applied only to the information that counsel had provided to defendants, not to information in counsel’s files that had not been transmitted to defendants. The court rejected this argument and found that waiver extended to all communications with counsel and information in counsel’s possession that may have been considered by counsel in rendering the opinions relied upon, so that plaintiffs could fully question defendants and their counsel.

Mayfair House Ass’n v. QBE Ins. Corp., No. 09-80359-CIV, 2010 WL 472827, at *4 (S.D. Fla. Feb. 5, 2010). In bad faith insurance litigation, plaintiff-insured could obtain both its own claim file and other insureds’ claim files “which relate to and illuminate the manner in which the company handles claims of its other policyholders in the general course of its business.” Insurer could still assert privilege for documents created after the date of resolution in the underlying disputed claims.

Asberry v. Corinthian Media, Inc., No. 09 Civ. 1013, 2009 WL 3073360, at *3 (S.D.N.Y. Sept. 18, 2009). Defendant’s assertion of reasonable investigation as affirmative defense to wrongful termination action waived privilege over communications with counsel prior to termination, but not post-termination.


Nowak v. Lexington Ins. Co., 464 F. Supp. 2d 1241, 1247 (S.D. Fla. 2006). No attorney-client privilege between the insurer-defendant and the insured-plaintiff applied in bad faith action against insurer. Insurer may not use the privilege as a “shield” to prevent the discovery of documents with respect to matters that occurred prior to the resolution of the claim in favor of the insured.

AT&T Access Charge Litig., 451 F. Supp. 2d 651, 655-56 (D.N.J. 2006). Defendant’s affirmative defense based on reliance on prior FCC decisions did not constitute at-issue waiver of the attorney-client privilege where defendant stated that it would not rely on advice of counsel as a defense to plaintiff’s claims.

Panter v. Marshall Field & Co., 80 F.R.D. 718, 720-21 (N.D. Ill. 1978). Waiver extends to all communications concerning the transaction for which advice was sought.

10. Witness Use Of Documents

a. Refreshing Recollection Of Ordinary Witnesses

The attorney-client privilege may also be waived by using privileged documents for the purpose of refreshing the recollection of a witness. Rule 612 of the Federal Rules of Evidence provides that “if a witness uses a writing to refresh memory for the purposes of testifying . . . an adverse party is entitled to have the writing produced at the hearing, to inspect it, to cross-examine the witness thereon, and to introduce in evidence those portions which relate to the testimony of the witness.” Under Federal Rule of Evidence 612, if the witness uses the communication to refresh or aid his testimony while he is actually testifying, then the privilege is waived and the court must order disclosure. Fed. R. Evid. 612(1). However, if the witness merely used the communication to refresh his recollection prior to testifying, the court has discretion to order disclosure in the interests of justice. Fed. R. Evid. 612(2). Courts and commentators have created different guidelines for the exercise of this discretion. See, e.g., In re Rivastigmine Patent Litig., 486 F. Supp. 2d 241, 243 (S.D.N.Y. 2007) (discussing the approaches courts have adopted); Restatement (Third) Of The Law Governing Lawyers § 90 cmt. d (2000) (waiver should be found only in the uncommon circumstance when the document serves as a script for the witness’s testimony in place of his own memory); 4 Jack W. Weinstein et al., Weinstein’s Federal Evidence § 612.06[2] (Lexis 2014) (waiver should be found only when witness has consulted a writing embodying his own communication and his testimony discloses a significant part of the communication).

See also:

Wells Fargo Bank, N.A. v. RLJ Lodging Trust, No. 13-cv-00758, 2014 WL 3830545, at *2-4 (N.D. Ill. Aug. 4, 2014). Dependent’s review of privileged information during deposition preparation did not waive attorney-client privilege where the review did not appear to have influenced the deponent’s testimony. The document at issue was a report prepared by the deponent, an employee of plaintiff. Plaintiff produced the report to defendant with one sentence redacted on privilege grounds. Although deponent reviewed the unredacted report in preparation for his deposition and stated that his review of documents, including the report, had “somewhat” refreshed his recollection, the court exercised its discretion under FRE 612, and applying the “functional approach,” determined that justice did not require the production of the unredacted report.
Adopting the Rivastigmine functional analysis test to find that no waiver occurred where plaintiff used notes he had prepared in an effort to retain an attorney in order to refresh his recollection in preparation for his deposition. Plaintiff had personal knowledge of the facts summarized in the notes and, in fact, went into greater detail in the deposition than the notes provided.

In re Rivastigmine Patent Litig., 486 F. Supp. 2d 241, 243-44 (S.D.N.Y. 2007). The court applied a two-part functional analysis test: (1) a threshold showing that the documents had sufficient impact on the witness’s testimony to trigger the application of Rule 612, and (2) balancing whether “production is necessary for fair cross-examination,” or “the examining party is simply engaged in a fishing expedition.” After in camera review the court ruled that the material was unlikely to have influenced the witness’s testimony.

Farm Credit Bank v. Huether, 454 N.W.2d 710, 718 (N.D. 1990). Waiver extends to a document specifically referred to while testifying but not to other documents in the same file.

Baker v. CNA Ins. Co., 123 F.R.D. 322, 327 (D. Mont. 1988). Use of privileged documents to refresh recollection prior to deposition does not constitute waiver unless the testimony disclosed the substance of a significant portion of the communication.


Wheeling-Pittsburgh Steel Corp. v. Underwriters Labs., Inc., 81 F.R.D. 8, 8-11 (N.D. Ill. 1978). Court ordered production of correspondence with attorney that witness used to refresh recollection prior to deposition.

Courts are reluctant to order disclosure when a witness has merely looked at a document prior to testifying.

See:

Leucadia, Inc. v. Reliance Ins. Co., 101 F.R.D. 674, 679 (S.D.N.Y. 1983). The court noted that the legislative history of the amendments to Federal Rule of Evidence 612 indicates that Congress did not intend to bar the assertion of the attorney-client privilege for writings used by a witness to refresh his memory. Court, therefore, held that the mere fact that a deposition witness “looked at” a document protected by the attorney-client privilege in preparation for a deposition is inadequate to destroy the privilege.

Jos. Schlitz Brewing Co. v. Muller & Phipps (Haw.) Ltd., 85 F.R.D. 118, 199-20 (W.D. Mo. 1980). Correspondence file of attorney-witness was not discoverable even though he “looked at” it prior to his deposition.
But see:  

**Thomas v. Euro RSCG Life**, 264 F.R.D. 120, 121-22 (S.D.N.Y. 2010). At a deposition, plaintiff admitted that, shortly before the deposition, she reviewed notes that recounted conversations she had with her employer’s in-house counsel. Because the plaintiff looked at the notes before the deposition, FRE 612(2) indicates that it is at the court’s discretion to find waiver. The court held that plaintiff’s review waived privilege because the notes “evince[d] no work-product concerns” and the subject matter of the notes were likely to play a substantial role in the case.

**In re Scrap Metal Antitrust Litig.**, No. 1:02 CV 0844, 2006 WL 2850453, at *7 (N.D. Ohio Sept. 30, 2006). Outline used by counsel to prepare defendant’s key witness after witness’s previous testimony revealed numerous inconsistencies with prior deposition testimony was not subject to work product protection because of the detailed nature of the outline (described as a “script” by the court) and the “articulate and detailed recollections” subsequently provided during defendant’s examination of the witness.

**Audiotext Commc’ns Network, Inc. v. US Telecom, Inc.**, 164 F.R.D. 250, 254 (D. Kan. 1996). Notebook of privileged documents that witness “flipped through” the night before his deposition had an impact on witness’s testimony because the witness testified that he was “astonished” that he had forgotten some of the items that were in the notebook.

**Bank Hapoalim, B.M. v. Am. Home Assurance Co.**, No. 92 Civ. 3561, 1994 WL 119575, at *7 (S.D.N.Y. Apr. 6, 1994). Despite the fact that a witness testified he only “looked at” documents prior to deposition, the fact that he spent several hours reviewing them, was able to identify specific documents that he had reviewed, and displayed knowledge of the information contained in the documents showed that the documents impacted his testimony and should be produced.

In general, only limited waiver results when a witness has used a document to refresh his recollection. The privilege is not waived for all other documents that relate to the document used to refresh recollection. **Marshall v. U.S. Postal Serv.**, 88 F.R.D. 348, 380-81 (D.D.C. 1980) (privilege waived only as to documents used to refresh recollection, but not as to all communications on same subject). Rule 612 permits the court to inspect the communications in camera and excise portions unrelated to the subject matter of the testimony. See The Extent Of Waiver, § I.G.5, supra.

b. Use Of Documents By Experts

Prior to the 2010 amendments to Federal Rule of Civil Procedure 26, there was a significant risk that any documents provided to a testifying expert witness would be discoverable pursuant to the expert discovery provisions of Rule 26, even if they were privileged. The overwhelming majority of courts that addressed the issue held that privileged materials considered by a testifying expert were discoverable under Rule 26. See **Synthes Spine v. Walden**, 232 F.R.D. 460, 463 (E.D. Pa. 2005) (collecting cases and requiring disclosure of privileged material); see also **Galvin v. Pepe**, No. 09-cv-104-PB, 2010 WL 3092640, at *6-7 (D.N.H. Aug. 5, 2010) (citing Synthes Spine). The only Court of Appeals to have considered the question held that attorney-client privileged communications disclosed to an expert witness were discoverable whether or not the expert relied on them in preparing the expert report. See **In re Pioneer Hi-Bred Int’l, Inc.**, 238 F.3d 1370, 1375-76 (Fed. Cir. 2001). In Pioneer, the court reasoned that “any disclosure to a testifying expert in connection with his testimony assumes that privileged or protected material will be made public.” *Id.* at 1375.
See:

*Dyson Tech. Ltd. v. Maytag Corp.*, 241 F.R.D. 247, 249 (D. Del. 2007). A party’s designation of its employee as a testifying expert waived the work product protection and attorney-client privilege with respect to the materials used in forming the employee/expert’s opinions. The court also rejected the argument that disclosure required by FRCP 26 did not apply because the employee was not “retained” or “specially employed” for his expert testimony.


*Herrick Co. v. Vetta Sports*, No. 94 Civ. 0905 (RPP), 1998 WL 637468, at *1, *3-4 (S.D.N.Y. Sept. 17, 1998), rev’d in part on other grounds, 360 F.3d 329 (2d Cir. 2004). “[A] party waives the attorney-client and work-product privileges whenever it puts an attorney’s opinion into issue, by calling the attorney as an expert witness or otherwise.” Party waived privilege by designating its ethics consultant as its testifying legal ethics expert during the course of litigation. The court ordered the production of all documents relating to the advice rendered by the expert to the party on the general subject matter of the expert’s report filed with the court.


*People v. Ledesma*, 140 P.3d 657, 698-99 (Cal. 2006). In an appeal from a death penalty sentence, the defendant-appellant asserted that the lower court’s admission of the testimony of a psychiatrist regarding statements made to him by defendant violated the attorney-client and psychotherapist-patient privileges. The court commented: “An expert witness may be cross-examined as to ‘the matter upon which his or her opinion is based and the reasons for his or her opinion.’ (Evid. Code, § 721, subd. (a).) The scope of cross-examination permitted under section 721 is broad . . . Once the defendant calls an expert to the stand, the expert loses his status as a consulting agent of the attorney, and neither the attorney-client privilege nor the work-product doctrine applies to matters relied on or considered in the formation of his opinion.” Id. at 695 (quoting *People v. Milner*, 45 Cal.3d 227, 241 (1988)).

*Shadow Traffic Network v. Super. Court*, 29 Cal. Rptr. 2d 693, 698 (Cal. Ct. App. 1994). Court held that the designation of an expert as a witness manifests the client’s consent to the disclosure of privileged information formerly provided to the expert, and the privilege is therefore waived.

*Coyle v. Estate of Simon*, 588 A.2d 1293, 1296 (N.J. Super. Ct. App. Div. 1991). In medical malpractice case, copies of portions of the plaintiffs’ written statements to their attorney were given to their expert. Court determined that the attorney-client privilege was waived after an in camera review showed that some of the statements were relevant to the expert’s opinions.

But see:

*Tikkun v. City of New York*, 265 F.R.D. 152, 156 (S.D.N.Y. 2010). Testifying expert did not have to disclose the underlying data for his opinion because it was protected by the attorney-client privilege. The court held that it is “not inequitable to respect the [expert’s] assertion of privilege” because the attorney-client communications were just one basis for his opinion, the plaintiff did not provide the expert with the data, and organizations with no role in the litigation created the data years before the litigation began.

The 2010 amendments to Rule 26 made significant changes to the rules governing discovery of expert witnesses, severely limiting the discovery of communications between

As amended, Rule 26(b)(4)(B)-(C) provides:

(4) **Trial Preparation: Experts.**

* * *

(B) *Trial-Preparation Protection for Draft Reports or Disclosures.*

Rules 26(b)(3)(A) and (B) protect drafts of any report or disclosure required under Rule 26(a)(2), regardless of the form in which the draft is recorded.

(C) *Trial-Preparation Protection for Communications Between a Party’s Attorney and Expert Witnesses.*

Rules 26(b)(3)(A) and (B) protect communications between the party’s attorney and any witness required to provide a report under Rule 26(a)(2)(B), regardless of the form of the communications, except to the extent that the communications:

(i) relate to compensation for the expert’s study or testimony;

(ii) identify facts or data that the party’s attorney provided and that the expert considered in forming the opinions to be expressed; or

(iii) identify assumptions that the party’s attorney provided and that the expert relied on in forming the opinions to be expressed.

The advisory notes to the amendments to Rule 26 explain that the amendment is designed to prevent the needless expense and chilling of the attorney-expert relationship caused where discovery of their communications and experts’ draft reports is allowed:

The Committee has been told repeatedly that routine discovery into attorney-expert communications and draft reports has had undesirable effects. Costs have risen. Attorneys may employ two sets of experts – one for purposes of consultation and another to testify at trial – because disclosure of their collaborative interactions with expert consultants would reveal their most sensitive and confidential case analysis. At the same time, attorneys feel compelled to adopt a guarded attitude toward their interaction
with testifying experts that impedes effective communication, and experts adopt strategies that protect against discovery but also interfere with their work.

FED. R. CIV. P. 26(b)(1) (2010) advisory committee’s note. Rule 26(a)(2)(B)(ii) was specifically intended “to alter the outcome in cases that have relied on the 1993 formulation in requiring disclosure of all attorney-expert communications and draft reports. The amendments to Rule 26(b)(4) make this change explicit by providing work-product protection against discovery regarding draft reports and disclosures or attorney-expert communications.” FED. R. CIV. P. 26(a)(2)(B) (2010) advisory committee’s note.

Rule 26(b)(4)(B) was added to provide work product protection under Rule 26(b)(3)(A) and (B) for drafts of expert reports or disclosures. FED. R. CIV. P. 26(b)(4) (2010) advisory committee’s note. Rule 26(b)(4)(C) was added to provide work product protection for attorney-expert communications, and was designed to protect counsel’s work product and ensure that lawyers may interact with experts “without fear of exposing those communications to searching discovery.” Id. See CFTC v. Newell, 301 F.R.D. 348, 352 (N.D. Ill. 2014) (government not allowed to discover drafts of expert reports or attorney-expert communications, unless communications fall within one of the three specific exceptions in Rule 26(b)(4)(C)).

The protections of Rule 26(b)(4)(C) do not apply to three specific exceptions set forth in the rule. Id. Discovery of attorney-expert communications on subjects outside the three exceptions or regarding draft expert reports or disclosures is permitted only in limited circumstances and by court order. Id. A party seeking such discovery must make the showing specified in Rule 26(b)(3)(A)(ii) (substantial need and undue hardship). Id. “It will be rare for a party to be able to make such a showing given the broad disclosure and discovery otherwise allowed regarding the expert’s testimony. . . . In the rare case in which a party does make this showing, the court must protect against disclosure of the attorney’s mental impressions, conclusions, opinions, or legal theories under Rule 26(b)(3)(B).” Id. Amended Rule 26(a)(2)(B)(ii) clarifies that the mental impressions, conclusions, opinions, and legal theories of counsel are not discoverable by redefining the scope of expert disclosures and discovery from “the data or other information” considered by an expert to “facts or data considered” by the expert witness in forming their opinions. “The refocus of disclosure on ‘facts or data’ is meant to limit to disclosure to material of a factual nature by excluding theories or mental impressions of counsel.” FED. R. CIV. P. 26(a)(2)(B) (2010) advisory committee’s note.

Although the 2010 amendments provide significant protection for expert drafts and attorney-expert communications, the rule does not preclude discovery of facts or data provided to the expert by an attorney, such as fact work product prepared for the expert by counsel.

See:

In re Application of the Republic of Ecuador, 735 F.3d 1179, 1186-87 (10th Cir. 2013). The court rejected an argument that Rule 26(b)(3)(A) protects from discovery materials prepared by or for an expert witness in anticipation of litigation. “Contrary to Chevron’s assertion that these revisions were
intended to have wide-ranging effects, the revisions appear to alter only the outcome of cases either allowing discovery of draft reports or attorney-expert communications.” (internal citations omitted)

In re MTBE Prods. Liab. Litig., 293 F.R.D. 568, 576-77 (S.D.N.Y. 2013). The court rejected an argument that Amended Rule 26 protected work product created by a consultant at the request of counsel, which the consultant then reviewed to refresh his recollection when acting as a testifying expert. “Thus, even after the 2010 Amendment, the scope of expert discovery contemplated by Rule 26 is still expansive. As the Advisory Committee Note to the 2010 Amendment clarifies, Rule 26 ‘require[s] disclosure of any material considered by [a] [testifying] expert, from whatever source, that contains factual ingredients.’”

Discovery of facts known or opinions held by non-testifying experts, however, is generally discoverable only upon a showing of “exceptional circumstances.” Fed. R. Civ. P. 26(b)(4)(D). See, e.g., Szulik v. State Street Bank & Trust Co., No. 12-10018-NMG, 2014 WL 3942934, at *2 (D. Mass. Aug. 11, 2014) (holding that party could not subpoena a non-testifying expert who had been retained to provide professional consulting services and assistance in litigation for documents it had obtained from third-parties). See also The Work Product Doctrine: Use Of Documents By Witnesses And Experts, § III.E.9, infra.

H. DISCLOSURE TO THE GOVERNMENT

In recent years there has been a battle between federal agencies, which have put pressure on organizations to waive privilege in order to be deemed “fully cooperative” with the government’s investigation, and corporate and bar organizations which have defended the right of organizations to assert the privilege. Developments in 2008 suggested that the pendulum might be swinging back in favor of greater respect for the privilege. As discussed below, however, at least the Securities and Exchange Commission (“SEC”) may have changed course once again in favor of seeking privilege waivers.

When corporations or other organizations learn of internal wrongdoing, or become the subject of a government investigation, they often want to cooperate with the government to investigate the wrongdoing and to assist the government with its regulatory and enforcement duties. In many cases, the organization will be interested in avoiding organizational liability, criminal or civil, for the wrongdoing of individuals working for the organization and will be willing to disclose information it has learned through an internal investigation. However, the organization typically will want to provide factual information and avoid disclosing privileged material, because voluntarily disclosing privileged information to government agencies risks waiving the privilege and exposing otherwise protected information to discovery by other parties, including private litigants. Beginning with the Holder Memorandum in 1999, and continuing with the Thompson Memorandum in 2003 and the McNulty Memorandum in 2006, the Department of Justice (“DOJ”) put pressure on corporations to waive attorney-client and work product protections as a condition for receiving cooperation credit under the DOJ’s charging guidelines. In response, corporations and the organized bar vigorously resisted these intrusions on privileged information.

Two developments in 2008 suggested that government investigators would decrease the pressure on corporations to disclose privileged information and provide some predictability in determining the scope of waiver where there is disclosure. First, in September 2008, the DOJ revised the U.S. Attorneys’ Manual, directing federal prosecutors not to request privilege waivers, and instead directing them to seek non-privileged facts. Second, in October of 2008,
the SEC adopted a similar policy in the SEC Enforcement Manual. However, in January 2010, the SEC revised its Enforcement Manual to allow investigators to request privilege waivers with senior agency approval. Subsequent revisions to the U.S. Attorneys’ Manual and the SEC Enforcement Manual have not significantly altered either agency’s approach to privilege.

1. The “Culture of Waiver” & The Legal Community’s Response

Concerned about criticism that the Department of Justice’s (“DOJ”) corporate charging decisions were inconsistent, in 1999, then-Deputy Attorney General Eric Holder promulgated the Holder Memorandum—a document discussing various factors that should guide the DOJ in its exercise of its prosecutorial discretion. Tom Spahn, Corporate Attorney-Client Privilege in the Digital Age: War on Two Fronts?, 16 STAN. J. L. BUS. & FIN. 288, 311 (2011). The Holder Memorandum provided that “[i]n conducting an investigation, determining whether to bring charges, and negotiating plea agreements, prosecutors should consider the following factors in reaching a decision as to the proper treatment of a corporate target: . . . [t]he corporation's timely and voluntary disclosure of wrongdoing and its willingness to cooperate in the investigation of its agents, including, if necessary, the waiver of the corporate attorney-client and work product privileges.” Eric Holder, Memorandum on Federal Prosecution of Corporations 3 (June 16, 1999); see also id. at 7.

In the wake of the Enron-like scandals of 2000 and 2001, the DOJ moved to toughen the standards applied to corporate internal investigations. First, on January 20, 2003, then-acting Deputy Attorney General Larry D. Thompson issued a Memorandum entitled “Principles of Federal Prosecution of Business Organizations” (the “Thompson Memorandum”), followed by a memorandum issued on October 21, 2005 by then-acting Deputy Attorney General Robert D. McCallum, Jr., entitled “Waiver of Corporate Attorney-Client and Work Product Protections (the “McCallum Memorandum”). The Thompson Memorandum established a number of strict requirements for corporate cooperation in government and internal investigations in order to avoid fraud or other criminal prosecutions on par with the Enron and WorldCom disasters. It instructed prosecutors to consider specific factors in the corporate charging context, such as “the corporation’s timely and voluntary disclosure of wrongdoing and its willingness to cooperate with the government’s investigation.” Included in this factor was whether a company waived attorney-client and work product privileges to aid the government investigation, and whether the company paid the attorney’s fees of its employee(s) where not required by state law. One of the many effects of these factors was the creation of a significant tension between counsel’s ability to root out internal wrongdoing through open and frank dialogue with the company’s directors, officers and employees, and the possibility that the government would require the company to turn over that information to the government, forcing counsel to act as a kind of de facto, quasi-public prosecutor by helping prosecutors to uncover additional information on an ongoing basis. In the McCallum Memorandum, the DOJ responded to criticism from the corporate bar by requiring that U.S. Attorneys and the DOJ department head “establish a written waiver review process.” Tom Spahn, supra, at 312-13. This did not assuage the concerns of those who bemoaned the “culture of waiver.” Id.

This “culture of waiver” is well documented in a report released on March 6, 2006, by the Association of Corporate Counsel & National Association of Criminal Defense Lawyers
(“ACC/NACDL”), titled, “The Decline of the Attorney-Client Privilege in the Corporate Context” (the “ACC/NACDL Report”), available at https://www.nacdl.org/WorkArea/DownloadAsset.aspx?id=17390 (accessed May 11, 2019). The ACC/NACDL Report notes that nearly 75% of respondents (comprised of both in-house and outside corporate counsel) reported that the government had created a “culture of waiver” in which it was routinely expected that a company under investigation would broadly waive legal privileges to demonstrate that the entity is cooperating with investigators and in order to secure favorable treatment. Id. at 3. Attorneys also reported that such “requests” were in fact communicated more like ultimatums and that prosecutors or enforcement officials made such direct statements as, “asserting the attorney-client privilege was inconsistent with cooperation.” Id. at 20. One possible consequence of this government pressure was that 15% of the survey participants whose companies were the targets of government investigations within the past five years subsequently found themselves facing related third-party civil suits. Id. at 4. These responses were consistent across all sizes and types of companies, with more than 50% of both in-house and outside counsel reporting an erosion of the corporate attorney-client privilege. Id. at 4-5.

a. Legal Community Response


In June 2006, Judge Kaplan of the Southern District Court of New York issued a scathing opinion criticizing the Thompson Memorandum and the “culture of waiver” it had created. United States v. Stein, 435 F. Supp. 2d 330 (S.D.N.Y. 2006), aff’d 541 F.3d 130 (2d Cir. 2008). Stein involved prosecutorial conduct in connection with the indictment of several former partners and employees of the accounting firm KPMG as a result of a series of allegedly fraudulent tax shelter schemes promoted by the firm. It was the long-standing policy of KPMG to advance and pay legal fees for individual counsel for partners, principals and employees of the firm in civil, criminal or other investigatory proceedings involving conduct arising in the scope of the individual’s duties or responsibilities with the firm. Id. at 340. As the result of a series of discussions between the U.S. Attorney’s office and KPMG’s outside counsel, during which the government repeatedly emphasized the inherent threat in the Thompson Memorandum that payment of legal fees and expenses of its personnel would be construed as contrary to full cooperation, KPMG entered into a Deferred Prosecution Agreement which essentially allowed the firm to avoid criminal indictment in exchange for its broad cooperation with the government, including, but not limited to, ceasing payment of attorney’s fees for its indicted employees and partners. Id. at 340-50. The court ruled that the
government’s conduct consistent with and in furtherance of the Thompson Memorandum directly caused KPMG to cease paying the legal fees and expenses of its former employees and partners, thereby depriving the defendants of their Fifth Amendment right to due process and their Sixth Amendment right to counsel. Id. at 352-53, 362-64. Although the opinion did not directly address the issue of the attorney-client and work product privileges, it did signal a strong condemnation of the government’s heavy-handed application of the Thompson Memorandum. Id. at 365 (“The individual prosecutors in the USAO acted pursuant to the established policy of the DOJ as expressed in the Thompson Memorandum. They understood, however, that the threat inherent in the Thompson Memorandum, coupled with their own reinforcement of that threat, was likely to produce exactly the [desired] result.”). The court’s strong language, although focused on this narrow issue, implicated the broader scope of the DOJ’s coercive practices developed under the Thompson Memorandum.

Moreover, at least one court held that a corporation’s waiver of privilege under the threats included in the Thompson Memorandum was involuntary and consequently denied third-party litigants discovery of documents disclosed to the government. Regents of the Univ. of Cal. v. Super. Court of San Diego Cnty., 81 Cal. Rptr. 186, 194 (Cal. Ct. App. 2008) (“In sum, because of the dramatic impact that failure to cooperate might have on the corporations and the absence of any cost-free redress, the trial court here correctly found that defendants’ cooperation with the government did not waive the attorney-client and attorney work product privileges. Under the circumstances existing at the time the cooperation took place, it would not have been reasonable for defendants to resist or otherwise challenge the government's requests.”); but see United States v. Balsiger, No. 07-CR-57, 2010 WL 3239340, at *11 (E.D. Wis. June 5, 2010) (finding “the Regents approach and rationale unpersuasive”).

Pressure on the DOJ to change its approach also came from Congress in 2006. On December 8, 2006, Senator Arlen Specter introduced the Attorney-Client Privilege Protection Act of 2006 (the “Privilege Act”), which would have prohibited federal prosecutors from using certain conduct by the corporation as a factor in determining whether a corporation is cooperating with the government. S. 30, 109th Cong. (2006). The Privilege Act sought to protect: (1) any legitimate assertion of the attorney-client privilege or work product doctrine; (2) the payment of an employee’s legal fees; (3) the entry into a joint defense agreement with an employee; (4) the sharing of relevant information with an employee; and (5) the refusal to terminate or sanction an employee for exercising his or her constitutional rights. Id.

In response to pressure from the private sector and the legislative and judicial branches, on December 12, 2006, Deputy Attorney General Paul J. McNulty issued revised corporate charging guidelines for federal prosecutors nationwide. Paul J. McNulty, “Principles of Federal Prosecution of Business Organizations,” Dec. 12, 2006, available at http://www.usdoj.gov/dag/speeches/2006/mcnulty_memo.pdf (accessed May 11, 2019). The McNulty Memorandum categorized privileged information and added restrictions for prosecutors seeking privileged information from companies. First, the McNulty Memorandum divided privileged information into two categories. “Category I” included factual information relating to the underlying misconduct (e.g., copies of key documents, witness statements, and factual chronologies). Id. “Category II” included non-factual attorney-client communications and work product (e.g., attorney notes, memoranda, or reports containing counsel’s mental impressions, and conclusions or legal advice given to the corporation). Id. Next, the McNulty
Memorandum instructed prosecutors to seek factual information first, and prosecutors seeking to request a waiver of Category I privileged information were required to: (1) establish a “legitimate need” for privileged communications; (2) obtain written authorization from the U.S. Attorney, who then was required to (3) consult with the Assistant Attorney General for the Criminal division before granting or denying the request. Prosecutors were instructed that Category II information “should be sought only in rare circumstances” where the Category I information provided an incomplete basis to conduct a thorough investigation. 

Although the McNulty Memorandum added new restrictions for prosecutors seeking privileged information from companies, it still allowed prosecutors to seek and consider the waiver of privileged communications when evaluating if a corporation cooperated with the DOJ. The McNulty Memorandum provided that where a corporation chose not to provide privileged Category II information, prosecutors were instructed “not [to] consider [that] declination against the corporation in making a charging decision,” but the ultimate decision whether or not to indict a corporation remained within the discretion of the individual prosecutors who “may always favorably consider a corporation’s acquiescence to the government’s waiver request in determining whether a corporation has cooperated in the government’s investigation.” Id. at 10.


The August 2008 revisions to the U.S. Attorneys’ Manual responded to broad criticism of the DOJ’s waiver policies by directing prosecutors not to request privileged information. Instead, the DOJ’s official policies emphasized that they seek the facts available to a corporation and expressly stated that privilege waivers should not be a factor in assessing corporate cooperation.
The 2008 revised U.S. Attorneys’ Manual recognized that the attorney-client privilege and the work product doctrine “serve an extremely important function in the American legal system.” U.S. Attorneys’ Manual § 9-28.710 (Aug. 2008), available at http://www.justice.gov/usam/usam-9-28000-principles-federal-prosecution-business-organizations#9-28.710 (accessed May 11, 2019). The Manual noted that although “waiving the attorney-client and work product protections has never been a prerequisite under the Department’s prosecution guidelines for a corporation to be viewed as cooperative,” the legal and business communities have asserted that the DOJ’s policies “have been used, either wittingly or unwittingly, to coerce business entities into waiving attorney-client privilege and work-product protection.” Id. Therefore, prosecutors were directed to seek “the facts known to the corporation about the putative criminal misconduct under review” instead of privileged information. U.S. Attorneys’ Manual § 9-28.710. The 2008 revised U.S. Attorneys’ Manual stated:

What the government seeks and needs to advance its legitimate (indeed, essential) law enforcement mission is not waiver of [attorney-client privilege and work product] protections, but rather the facts known to the corporation about the putative criminal misconduct under review. . . . The critical factor is whether the corporation has provided the facts about the events . . . .”

Id. § 9-28.710. In a change of policy, the 2008 revised U.S. Attorneys’ Manual linked eligibility for cooperation credit to disclosure of “relevant facts of which it has knowledge” and non-privileged documents, instead of privileges waivers. Id. § 9-28.720 (Aug. 2008), 2008 WL 5999740.

Where a corporation has conducted an internal investigation of wrongdoing, the distinction between facts and privileged materials may be complicated. The 2008 revised U.S. Attorneys’ Manual indicated the standard for cooperation is “has the party timely disclosed the relevant facts about the putative misconduct?” Id. § 9-28.720(a). On its face, the revised policy provided that a corporation may disclose the facts learned during an internal investigation without disclosing the details and substance of the investigation and still be viewed as cooperative. The 2008 revised U.S. Attorneys’ Manual provided the following useful example:

By way of example, corporate personnel are typically interviewed during an internal investigation. If the interviews are conducted by counsel for the corporation, certain notes and memoranda generated from the interviews may be subject, at least in part, to the protections of attorney-client privilege and/or attorney work product. To receive cooperation credit for providing factual information, the corporation need not produce, and prosecutors may not request, protected notes or memoranda generated by the lawyers’ interviews. To earn such credit, however, the corporation does need to produce, and prosecutors may request, relevant factual information—including relevant factual information acquired through those interviews, unless the identical information has otherwise been provided—as well as
relevant non-privileged evidence such as accounting and business records and emails between non-attorney employees or agents.

Id. § 9-28.720(a) n.3 (emphasis added).

Although the 2008 revised U.S. Attorneys’ Manual focused on facts that resulted from internal investigations, a corporation seeking cooperation credit was also expected to disclose non-privileged documents and other information:

There are other dimensions of cooperation beyond the mere disclosure of facts, of course. These can include, for example, providing non-privileged documents and other evidence, making witnesses available for interviews, and assisting in the interpretation of complex business records.

Id. § 9-28.720 n.2.

The 2008 revised U.S. Attorneys’ Manual directed prosecutors not to request communications between corporate counsel and the corporation’s employees, directors, or officers “regarding or in a manner that concerns the legal implications of the putative misconduct at issue.” Id. § 9-28.720(b). Thus, both the conduct of the investigation and privileged communications regarding the conduct, which may have occurred before the investigation was launched, were outside the scope of a proper request for information. This guidance was subject to exceptions where the attorney-client privilege has been waived, for example, where the company asserts an advice of counsel defense or the communications are in furtherance of a crime or fraud. Id. § 9-28.720(b)(i) & (ii).

The 2008 revised U.S. Attorneys’ Manual also addressed joint defense arrangements:

Similarly, the mere participation by a corporation in a joint defense agreement does not render the corporation ineligible to receive cooperation credit, and prosecutors may not request that a corporation refrain from entering into such agreements. Of course, the corporation may wish to avoid putting itself in the position of being disabled, by virtue of a particular joint defense or similar agreement, from providing some relevant facts to the government and thereby limiting its ability to seek such cooperation credit. Such might be the case if the corporation gathers facts from employees who have entered into a joint defense agreement with the corporation, and who may later seek to prevent the corporation from disclosing the facts it has acquired. Corporations may wish to address this situation by crafting or participating in joint defense agreements, to the extent they choose to enter them, that provide such flexibility as they deem appropriate.


In September 2015, Sally Quillian Yates, who was then the Deputy Attorney General, issued a memorandum (the “Yates Memorandum”) addressed to all DOJ attorneys emphasizing the importance of individual accountability in DOJ prosecutions. In particular, the Yates Memorandum outlined the DOJ’s policy regarding cooperation credit for corporations, explaining that companies would need to provide all relevant facts about individuals involved in corporate misconduct in order to be eligible to receive cooperation credit. Sally Quillian Yates, “Individual Accountability for Corporate Wrongdoing” at 2-4, Sept. 9, 2015, available at https://www.justice.gov/archives/dag/file/769036/download (accessed May 11, 2019). DOJ attorneys were encouraged to proactively investigate individuals from the outset of the government’s investigation and “vigorously review” any information provided by companies. Id. at 4. Notwithstanding the foregoing, the Yates Memorandum did not alter the companies’ right to invoke legal privileges in the context of a DOJ investigation. Id.

In November 2015, the DOJ revised § 9-28.720 of the U.S. Attorneys’ Manual to update the language to provide, consistent with the Yates Memorandum, that eligibility for cooperation credit stems from the disclosure of relevant facts gathered through internal investigation. U.S. Attorneys’ Manual § 9-28.720(a) (Nov. 2015), available at https://www.justice.gov/usam/usam-9-28000-principles-federal-prosecution-business-organizations#9-28.720 (updated November 2017) (accessed May 11, 2019). As in the 2008 version of the Manual, the 2015 revision to § 9-28.720 explains that, although corporations must disclose all relevant facts in order to be eligible for cooperation credit, such credit does not hinge on the provision of privileged information. The Manual specifies that “a corporation need not disclose and prosecutors may not request,” the disclosure of a corporation’s consultations with counsel regarding “the legal implications of the putative misconduct at issue” and “non-factual or core attorney work product” in order to receive cooperation credit, at least to the extent that the corporation is not asserting an advice of counsel defense and the communications were not made in furtherance of a crime or fraud. Id. § 9-28.720(b).

Sections 9-28.710 and 9-28.730, revised in August and September 2008, respectively, and discussed above in § I.H.2, were not modified.


>[T]he staff should not ask a party to waive the attorney-client or work product privileges and is directed not to do so. All decisions regarding a potential waiver of privilege are to be reviewed with the Assistant supervising the matter and that review may involve more senior members of management as deemed necessary. The Enforcement Division’s central concern is whether the party
has disclosed all relevant facts within the party’s knowledge that are responsive to the staff’s information requests, and not whether a party has elected to assert or waive a privilege. As discussed below, if a party seeks cooperation credit for timely disclosure of relevant facts, the party must disclose all such facts within the party’s knowledge. On request, and to the extent possible, the staff should continue to work with parties to explore alternative means of obtaining factual information when it appears that disclosure of responsive documents or other evidence may otherwise result in waiver of applicable privileges.

A party remains free to disclose privileged communications or documents if the party voluntarily chooses to do so. In this regard, the SEC does not view a party’s waiver of privilege as an end in itself, but only as a means (where necessary) to provide relevant and sometimes critical information to the staff. In the event a party voluntarily waives privilege, the staff cannot assure the party that, as a legal matter, the information provided to the staff during the course of the staff’s investigation will not be subject to disclosure pursuant to subpoena or other legal process.


To illustrate the difference between relevant facts and protected information, the 2008 SEC Enforcement Manual provided, with respect to internal investigations: “If the interviews are conducted by attorneys, certain memoranda or notes generated in connection with the interview may be subject, at least in part, to the attorney-client or work product privileges. However, the underlying factual information disclosed by the witnesses during the interviews is not privileged.” SEC Enf. Manual (2008) § 4.3.

5. **Subsequent Revisions To SEC Enforcement Manual Allow Privilege Waiver Requests**

Beginning with the revised SEC Enforcement Manual released in January 2010 and continuing through the current Enforcement Manual, released in October 2016, corporations still may not be penalized for refusing to waive privilege, but investigators are no longer instructed not to request privilege waiver. Investigators are expressly allowed to request waivers with prior approval by the Director or Deputy Director of the SEC.

Section 4.3 of the SEC Enforcement Manual now provides:
The staff must respect legitimate assertions of the attorney-client privilege and attorney work product protection. As a matter of public policy, the SEC wants to encourage individuals, corporate officers and employees to consult counsel about the requirements and potential violations of the securities laws. Likewise, non-factual or core attorney work product – for example, an attorney’s mental impressions or legal theories – lies at the core of the attorney work product doctrine.

A key objective in the staff’s investigations is to obtain relevant information, and parties are, in fact, required to provide all relevant, non-privileged information and documents in response to SEC subpoenas. **The staff should not ask a party to waive the attorney-client privilege or work product protection without prior approval of the Director or Deputy Director.** A proposed request for a privilege waiver should be reviewed initially with the Assistant Director supervising the matter and that review should involve more senior members of management as appropriate before being presented to the Director or Deputy Director.

Both entities and individuals may provide significant cooperation in investigations by voluntarily disclosing relevant information. Voluntary disclosure of information need not include a waiver of privilege to be an effective form of cooperation and a party’s decision to assert a legitimate claim of privilege will not negatively affect their claim to credit for cooperation. However, as discussed below, if a party seeks cooperation credit for timely disclosure of relevant facts, the party must disclose all such facts within the party’s knowledge.

Corporations often gather facts through internal investigations regarding the conduct at issue in the staff’s investigation. In corporate internal investigations, employees and other witnesses associated with a corporation are often interviewed by attorneys. Certain notes and memoranda generated from attorney interviews may be subject, at least in part, to the protections of attorney-client privilege and/or attorney work product protection. To receive cooperation credit for providing factual information obtained from interviews, the corporation need not necessarily produce, and the staff may not request without approval, protected notes or memoranda generated by the attorneys’ interviews. To earn such credit, however, the corporation must produce, and the staff always may request, relevant factual information—including relevant factual information acquired through those interviews.

A party may choose to voluntarily disclose privileged communications or documents. In this regard, the SEC does not view a party’s waiver of privilege as an end in itself, but only as a means (where necessary) to provide relevant and sometimes critical information to the staff. **See Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934 and Commission Statement on the Relationship of Cooperation to Agency Enforcement Decisions, Securities Exchange Act Rel. No. 44969 n.3 (Oct. 23,
In the event a party voluntarily waives the attorney-client privilege or work product protection, the staff cannot assure the party that, as a legal matter, the information provided to the staff during the course of the staff’s investigation will not be subject to disclosure pursuant to subpoena, other legal process, or the routine uses set forth in the Commission’s Forms 1661 and 1662.


Although the SEC Enforcement Manual acknowledges the importance of privilege and claims that a corporation will not be penalized for asserting legitimate privileges, it is difficult to reconcile these statements with the express expectation that investigators will be seeking privilege waivers. The current SEC Enforcement Manual shows government recidivism in the culture of waiver that ensures that the debate about the propriety of government-coerced waivers will continue.

The 2016 version of the SEC Enforcement Manual references FRE 502(b) and provides the following guidance to SEC staff:

Whether an inadvertent production is first identified by staff or by the producing party, before determining how to proceed, staff should consult with his or her supervisor(s) and, if appropriate, the Regional Director, Unit Chief, Chief Counsel, Chief Litigation Counsel, and/or the Professional Responsibility Counsel in OGC. Generally, if an inadvertent production is discovered by staff, staff will notify the party through his or her counsel of its receipt of inadvertently produced documents.

SEC Enf. Manual (2016) § 4.2. Listed as a “Consideration” is “[w]hether the staff should return (or sequester) an inadvertently produced document” or whether the staff “has a legally sound basis for using it” based on “applicable state professional responsibility rules, as well as, in many cases, the applicable law of privilege and rules of evidence.” Id. After such a determination, “staff typically informs the party whether the staff intends to return, sequester, or use the document” and “may inform the party whether and to whom staff has provided copies of the document outside the SEC (e.g., a judge).” Id. If the document is returned to the producing party based on privilege, the staff is instructed to request that the party submit a privilege log. Id. (“If it is determined that, based on a claim of privilege, a document should be returned to the party, staff should require that the party promptly submit a privilege log from the document.”).

The 2016 version of the SEC Enforcement Manual allows the SEC to enter an agreement under which a party may produce documents to the staff before conducting a privilege review while still seeking to preserve applicable privilege claims over the produced materials:
In some instances, a party may seek to produce documents to the staff before reviewing them for privilege, while also seeking to preserve any claims of privilege on the materials. If it will benefit the investigation, staff can choose to accept such a production by entering into a written agreement (the Model Agreement for Purposeful Production without Privilege Review) with the producing party. Under the agreement, responsibility for identifying any privileged materials resides solely with the party, and acceptance of the production is not an agreement to shift such responsibility to the staff. Further, under the terms of the written agreement, the party must agree, among other things, not to assert that the staff’s investigation has been tainted by the staff’s receipt, review, examination, or use of any material later determined to be privileged.

SEC Enf. Manual (2016) § 4.2.1. Before entering into such an agreement, a producing party should consider the ramifications of disclosing privileged information to the government, including whether such a disclosure amounts to waiver vis-à-vis third parties. See Disclosure to the Government: Selective Waiver, § I.H.6, infra.

6. Selective Waiver

If a party discloses privileged information to a government agency, it creates a significant risk that other parties, including third-party litigants, will be able to discover that information in subsequent proceedings. Corporations have argued that voluntary disclosures to government agencies should result only in “selective waiver,” that is, waiver as to the government but not as to third-party litigants.

The seminal case supporting selective waiver is Diversified Industries, Inc. v. Meredith, 572 F.2d 596 (8th Cir. 1977) (en banc). In Diversified, a corporation responded to allegations that it had paid bribes to obtain business by forming an independent audit committee and retaining outside counsel to prepare an internal report on the issue. The internal report was subsequently produced to the Securities and Exchange Commission (“SEC”). The Eighth Circuit held that this disclosure constituted only a “limited waiver” that did not preclude the corporation from withholding the report from private litigants on the grounds of attorney-client privilege. Id. at 611. The Eighth Circuit explained: “To hold otherwise may have the effect of thwarting the developing procedure of corporations to employ independent outside counsel to investigate and advise them in order to protect stockholders, potential stockholders and customers.” Id.; see also United States v. Shyres, 898 F.2d 647, 657 (8th Cir. 1990) (applying the reasoning of Diversified); McDonnell Douglas Corp. v. EEOC, 922 F. Supp. 235, 243 (E.D. Mo. 1996) (applying the reasoning of Diversified); Schnell v. Schnall, 550 F. Supp. 650, 652-53 (S.D.N.Y. 1982) (public policy of encouraging disclosure to SEC compels finding of selective waiver).

The selective waiver doctrine has been rejected by all but a small minority of courts. The clear majority rule under federal law is that waiver as to even one government agency constitutes waiver as to all, including other government agencies and private litigation adversaries.
a. The Rejection Of The Selective Waiver Doctrine (Majority Rule)

Most courts have rejected or applied only a narrow construction of the selective waiver doctrine and have held that selective disclosure of a document to the government constitutes complete waiver of the privilege as to all third parties. As the D.C. Circuit observed in one of the early selective waiver cases, the privilege was not designed to allow a client “to pick and choose among his opponents, waiving the privilege for some and resurrecting the claim of confidentiality to obstruct others.” Permian Corp. v. United States, 665 F.2d 1214, 1221 (D.C. Cir. 1981); accord United States v. Thompson, 562 F.3d 387, 394 (D.C. Cir. 2009).

Since the D.C. Circuit first rejected selective waiver, the First, Third, Fourth, Sixth, Ninth, and Tenth Circuits have rejected the selective waiver doctrine. In Westinghouse Electric Corp. v. Republic of Philippines, 951 F.2d 1414, 1424-27 (3d Cir. 1991), a corporation was being investigated by the government. The court held that the corporation’s voluntary disclosure of privileged documents during this investigation fully waived any attorney-client or work product privilege, even with respect to third parties in civil litigation. The court reasoned that the protection of the attorney-client privilege was not required to encourage corporations to make such disclosures to a government agency since the corporation would most likely share any exculpating documents with the government willingly, privileged or not, in order to obtain lenient treatment. Id.; see also In re Pac. Pictures Corp., 679 F.3d 1121, 1127-28 (9th Cir. 2012); United States v. Murray, No. 11-1245, 2012 WL 745617, at *3 (3d Cir. Mar. 8, 2012).

Likewise, in United States v. Massachusetts Institute of Technology, 129 F.3d 681 (1st Cir. 1997), the First Circuit refused to adopt the selective waiver doctrine. The court held that MIT fully waived the privilege with respect to documents it disclosed to a government audit agency (the Defense Contract Audit Agency, or “DCAA”) pursuant to the terms of a contract that it had with the government. Neither the government’s interest in obtaining privileged information nor MIT’s interest in supporting its relationship with the government justified preserving the attorney-client privilege. The court noted: “But the general principle that disclosure normally negates the privilege is worth maintaining. To maintain it here makes the law more predictable and certainly eases its administration.” Id. at 685. Acknowledging the difficulty created by government demands, the court stated: “MIT chose to place itself in this position by becoming a government contractor.” Id. at 686; see In re Lupron Mktg. & Sales Practice Litig., 313 F. Supp. 2d 8, 9-12 (D. Mass 2004).

See also:

In re Pac. Pictures Corp., 679 F.3d 1121, 1127-28 (9th Cir. 2012). Broadly rejecting the selective waiver doctrine, noting that Congress had considered, but failed to legislate selective waiver.

In re Qwest Commc’n’s Int’l Inc., 450 F.3d 1179, 1192 (10th Cir. 2006). Adopting the majority view and rejecting the selective waiver doctrine.

Ratliff v. Davis Polk & Wardwell, 354 F.3d 165, 170-71 (2d Cir. 2003). Even if documents sent to law firm were provided to obtain legal advice, the privilege was waived when the client authorized the law firm to turn the documents over to the SEC.
In re Columbia/HCA Healthcare Corp. Billing Practices Litig., 293 F.3d 289, 294-310 (6th Cir. 2002). Noting inconsistent application of selective waiver and following Westinghouse in rejecting selective waiver in favor of a “bright line” rule that disclosure waives the privilege.

Genentech, Inc. v. U.S. Int’l Trade Comm’n, 122 F.3d 1409, 1417 (Fed Cir. 1997). Citing with approval cases that rejected Diversified’s holding.

In re Steinhardt Partners, L.P., 9 F.3d 230, 236 (2d Cir. 1993). Court refused to acknowledge selective waiver in the case before it, but expressly declined to adopt a per se rule against elective waiver, leaving the door open where the parties enter into a confidentiality agreement.

In re Martin Marietta Corp., 856 F.2d 619, 623 (4th Cir. 1988). A client conducted an internal investigation into alleged fraudulent accounting procedures and disclosed the results to the government to avoid indictment. The court found that this disclosure resulted in waiver for other civil litigation. The resulting waiver extended to non-disclosed materials, and even to undisclosed details underlying the published data. However, the court noted that there was only a partial waiver for opinion work product.

In re Subpoenas Duces Tecum, 738 F.2d 1367, 1370 (D.C. Cir. 1984). Relying on Permian, the court found that a party waived the privilege by disclosing information to the SEC, despite the fact that the party’s transmittal letter stated that the documents were confidential and their submission of them to the SEC was not a waiver of any privilege.

In re Sealed Case, 676 F.2d 793, 824 (D.C. Cir. 1982). Court found that company had waived privilege by voluntarily submitting report of investigative counsel to the SEC. This waiver included any documentation necessary to evaluate the report.

In re Vitamin C Antitrust Litig., No. 06-1783, 2011 WL 197583, at *3-4 (E.D.N.Y. Jan. 20, 2011). Holding that work product protection was waived when materials were disclosed to various agencies of the government of the People’s Republic of China (“PRC”), but that it was not waived when it was disclosed to the PRC’s Ministry of Commerce because of the existence of a confidentiality agreement and the disclosure advanced the common interest of the party making the disclosure and the government.

In re Sulfuric Acid Antitrust Litig., 235 F.R.D. 407, 427 (N.D. Ill. 2006). Defendants waived any claim of privilege by producing documents to Department of Justice pursuant to a subpoena.


In re Royce Homes, L.P. 449 B.R. 79, 724-25 (Bankr. S.D. Tex. 2011). Citing cases rejecting the doctrine of selective waiver with approval, but not directly addressing the issue.

b. Decisions In Support Of Selective Waiver

Although the selective waiver doctrine has been rejected by most courts, there remains some debate in a few jurisdictions over whether disclosure to the government waives privilege when the disclosures are made pursuant to a confidentiality agreement with the government. The Second Circuit left this issue open in Steinhardt Partners. The court stated:

[W]e decline to adopt a per se rule that voluntary disclosures to the government waive work-product protection . . . Establishing a right rule
would fail to anticipate situations in which the disclosing party and the government...have entered into an explicit agreement that the [government agency] will maintain the confidentiality of the disclosed materials.

9 F.3d at 236.

Some courts have applied the selective waiver doctrine where disclosure was pursuant to a confidentiality agreement with the government. For example, in In re Natural Gas Commodity Litigation, No. 03 Civ. 6186VMAJP, 2005 WL 1457666, at *5-6 (S.D.N.Y. June 21, 2005), the court noted that the Second Circuit in In re Steinhardt Partners, above, did not completely reject the doctrine, leaving open the possibility that disclosure to the government might not constitute a waiver in all cases. The court held that, where the producing parties had entered into confidentiality agreements with the government and where the civil parties seeking discovery had been provided with the underlying factual material upon which the disclosed reports had been based, disclosure to the SEC did not constitute a waiver in all cases. See also In re: Ex parte Application of financialright GmbH, 17-mc-105(DAB), 2017 WL 2879696, at *7 (S.D.N.Y. June 23, 2017) (applying selective waiver doctrine and holding that disclosure of privileged investigation to DOJ did not waive either the attorney-client privilege or the work product protection where disclosing party had a non-waiver agreement with the government); Pensacola Firefighters’ Relief Pension Fund Bd. of Tr. v. Merrill Lynch Pierce, 265 F.R.D. 589, 597 (N.D. Fla. 2010) (although the court found that the defendant waived the attorney-client privilege when it disclosed documents to the SEC, the court held that production of all documents produced to the SEC without a more specific request could potentially allow the plaintiff to bypass limitations on the scope of discovery established by the Federal Rules of Civil Procedure); In re Micron Tech., Inc. Sec. Litig., 264 F.R.D. 7, 10-11 (D.D.C. 2010) (applying the law enforcement privilege and refusing to compel the disclosure of documents to plaintiffs in a shareholder class action lawsuit that defendant had already provided to the Department of Justice for an antitrust investigation after determining that compelling disclosure could chill future informants); In re Cardinal Health Inc. Sec. Litig., No. 04 Civ. 575, 2007 WL 495150, at *8-9 (S.D.N.Y. Jan. 26, 2007) (no waiver of work product protection even in absence of confidentiality agreement). But see In re Initial Pub. Offering Sec. Litig., 249 F.R.D. 457, 462-65 (S.D.N.Y. 2008) (rejecting selective waiver).

The Seventh Circuit has not yet definitely stated its position on selective waiver. See Dellwood Farms, Inc. v. Cargill, Inc., 128 F.3d 1122, 1126-27 (7th Cir. 1997) (noting that courts have generally rejected selective waiver doctrine, but finding that government had not deliberately waived its law enforcement privilege by playing tapes to corporate counsel to persuade company to plead guilty merely because it made a mistake in failing to obtain a non-disclosure agreement with corporate counsel). At least one district court case in the Seventh Circuit has stepped through the door opened by Dellwood, holding that where the company “insisted on a confidentiality agreement” before disclosing privileged materials to the SEC, the selective waiver doctrine preserved the confidentiality of work product documents. Lawrence E. Jaffe Pension Plan v. Household Int’l, Inc., 244 F.R.D. 412, 433 (N.D. Ill. 2006); but see In re Aqua Dots Prod. Liab. Litig., 270 F.R.D. 322, 328-30 (N.D. Ill. 2010) (finding that a footnote in a cover letter requesting that the disclosed documents remain confidential is not sufficient to constitute a confidentiality agreement and thus holding that otherwise applicable
work product protection was waived when defendant disclosed protected documents to a
government agency).

See also:

Police & Fire Ret. Sys. of the City of Detroit v. SafeNet, Inc., No. 06 Civ. 5797, 2010 WL 935317, at *1-2 (S.D.N.Y. Mar. 12, 2010). Applying the selective waiver doctrine and holding that defendant SafeNet did not waive either the attorney-client privilege or the work product doctrine when, pursuant to a confidentiality agreement, it produced privileged material to the SEC and the United States Attorney’s Office in the course of a government investigation.

Maruzen Co., Ltd. v. HSBC USA, Inc., No. 00 Civ. 1079 (RO), 2002 WL 1628782, at *1-2 (S.D.N.Y. July 23, 2002). Following In re Steinhardt and finding no waiver of attorney-client privilege where parties entered into a confidentiality agreement before internal investigation materials were disclosed to U.S. Attorney’s office.

McDonnell Douglas Corp. v. EEOC, 922 F. Supp. 235, 242-43 (E.D. Mo. 1996). Disclosure of attorney-client privileged information to EEOC did not waive the privilege with respect to third parties. EEOC and producing party had agreed that production of privileged information to EEOC would not constitute waiver.

SEC v. Amster & Co., 126 F.R.D. 28, 30 (S.D.N.Y. 1989). Recognizing selective waiver if the party holding the privilege and the government have entered into a binding agreement protecting the privilege.

Some state courts have adopted selective waiver. See, e.g., Saito v. McKesson HBOC, Inc., No. 18553, 2002 WL 31657622, at *15 (Del. Ch. Nov. 13, 2002) (citing Delaware’s general reluctance to find waiver of privileges, the court upheld a form of selective waiver, compelling production of documents disclosed to the government prior to execution of a confidentiality agreement but protecting documents disclosed after the confidentiality order was in place). See also Regents of the Univ. of Cal. v. Super. Court of San Diego Cnty., 81 Cal. Rptr. 186, 194 (Cal. Ct. App. 2008) (applying California law, the court held that disclosure of privileged information to federal agencies investigating defendants for criminal wrongdoing was involuntary, due to the coercive nature of the Thompson/McNulty Memoranda, and did not waive otherwise applicable privileges: “The means of coercion the government used here were, as a practical matter, more powerful than a court order. . . . [T]he defendants here had no means of asserting the privileges without incurring the severe consequences threatened by the government agencies.”); Danielson v. Super. Court, 754 P.2d 1145, 1147-48 (Ariz. Ct. App. 1987) (finding the voluntary release of information to a state investigative agency consistent with a later assertion of the physician-patient privilege under Arizona law); but see McKesson HBOC, Inc. v. Super. Court, 9 Cal. Rptr. 3d 812, 820-21 (Cal. Ct. App. 2004) (rejecting generally the selective waiver doctrine).

The Sixth Circuit decisively rejected the approach for selective waiver based on the existence of a confidentiality agreement. In re Columbia/HCA Healthcare Corp. Billing Practices Litigation, 293 F.3d 289 (6th Cir. 2002). Columbia/HCA refused to disclose its internal audit materials to the Department of Justice, and ultimately did so only after entering into a confidentiality agreement with the government that stated: “[t]he disclosure of any report, document, or information by one party to the other does not constitute a waiver of any applicable privilege or claim under the work-product doctrine.” Id. at 292. Despite the agreement, the court rejected “the concept of selective waiver, in any of its various forms” and
affirmed an order compelling the release of the audits to private litigants. *Id.* at 302. *See also In re Qwest Communications Int’l Inc.*, 450 F.3d 1179, 1194 (10th Cir. 2006) (adopting Sixth Circuit’s approach); *In re Merck & Co. Sec. Derivative & “ERISA” Litig.*, MDL No. 1658 (SRC), Slip. Op., at 6 (D.N.J. Dec. 12, 2012) (reliance on an agreement with the government to preserve confidentiality and the right to assert privilege as to third parties would “not be reasonable in light of Westinghouse”); *Gruss v. Zwirn*, No. 09 Civ. 6441 (PGG) (MHD), 2013 WL 3481350, at *11, *13 (S.D.N.Y., July 10, 2013) *order to clarify denied*, 296 F.R.D. 224 (S.D.N.Y. 2013) (disclosure of work product to SEC waived work product protection, notwithstanding confidentiality agreement).

Many of the courts that have rejected the selective waiver doctrine with respect to the attorney-client privilege have also rejected the doctrine with respect to the work product protection.

*See:*  
*In re Columbia/HCA Healthcare Corp. Billing Practices Litig.,* 293 F.3d 289, 306 (6th Cir. 2002). “Many of the reasons for disallowing selective waiver in the attorney-client privilege context also apply to the work product doctrine.”

*In re Qwest Communications Int’l Inc.*, 450 F.3d 1179, 1192 (10th Cir. 2006). Selective waiver not applicable with respect to work product doctrine to protect documents disclosed to the SEC and DOJ.


*In re Martin Marietta Corp.*, 856 F.2d 619, 624-25 (4th Cir. 1988). Employer’s disclosure to government during criminal investigation waived attorney-client privilege and non opinion work product protection.

*In re Subpoena Duces Tecum*, 738 F.2d 1367, 1371-75 (D.C. Cir. 1984). Corporation could not selectively assert protection of documents disclosed to the SEC under the work product privilege.

*But see:*  

A party waives work product protection by disclosing information to an adversary, or under circumstances that substantially increase the likelihood that a potential adversary could obtain the information. The courts that have rejected selective waiver for work product have done so on the grounds that the government is an adversary or potential adversary. *See In re Columbia/HCA Healthcare Corp. Billing Practices Litig.*, 293 F.3d 289, 305-06 (6th Cir. 2002) (“When a party discloses materials to a government agency investigating allegations against it, it uses those materials to forestall protection (if the charges are unfounded) on to obtain lenient treatment (in the case of well-founded allegations). These objectives, however rational, are foreign to the objectives underlying the work-product doctrine.”). *See also In re Qwest*
Commc’ns Int’l Inc., 450 F.3d 1179, 1196 (10th Cir. 2006) (“Qwest disclosed to adversaries under agreements which did not realistically further dissemination.”); United States v. Mass. Inst. Of Tech., 129 F.3d 681, 687 (1st Cir. 1997) (government audit agency reviewing a party’s expense submissions submitted in response to an IRS summons was a potential adversary); Westinghouse Elec. Corp. v. Republic of Philippines, 951 F.2d 1414, 1428-29 (3d Cir. 1991) (DOJ and SEC considered company’s adversaries where company was the target of investigations by those agencies); In re Martin Marietta Corp., 856 F.2d 619, 625 (4th Cir. 1988) (U.S. Attorney and Department of Defense were adversaries where disclosures were made in a direct attempt to settle active controversies); In re Subpoena Duces Tecum, 738 F.2d 1367, 1372 (D.C. Cir. 1984) (adversarial relationship existed where disclosure was made to convince SEC not to pursue more formal investigation or enforcement).

Where the government and the disclosing party share a common interest, however, a court may find that there has been no waiver.

See:

United States v. Am Tel. & Tel. Co., 642 F.2d 1285, 1298-1301 (D.C. Cir. 1980). No waiver of work product where disclosing party and the government were proceeding against defendant on overlapping antitrust issues and shared common interests in developing legal theories and analyses with respect to their claims.

Castle v. Sangamo Weston, Inc., 744 F.2d 1464, 1466 (11th Cir. 1984). Turning over materials to EEOC attorneys did not result in waiver of work product protection. At the trial, private plaintiffs’ attorneys and counsel for EEOC were engaged in the preparation of a joint trial.

E.I. Du Pont de Nemours & Co. v. Kolon Indus., Inc., Civil Action No. 3:09cv58, 2010 WL 1489966, at *8 (E.D. Va. Apr. 13, 2010). Work product protection was not waived by disclosure to the government where the government was investigating defendant, and plaintiff and the government shared a common interest in preventing trade secret theft.


Recent rule-making and legislative action regarding Federal Rule of Evidence 502 reinforce the trend disfavoring the selective waiver doctrine. Noting strong opposition to a draft rule that would have adopted the selective waiver doctrine, the Judicial Conference’s Advisory Committee on Evidence Rules decided not to propose a selective waiver provision in Rule 502. Letter from Hon. Lee H. Rosenthal, Chair, Committee on Rules of Practice and Procedure, Judicial Conference, to Senators Leahy and Specter, at 6-7 (Sept. 26, 2007). Following the Advisory Committee’s lead, a Statement of Congressional Intent regarding Rule 502(d) submitted by the House Judiciary Committee states: “This subdivision does not provide a basis for a court to enable parties to agree to selective waiver of the privilege, such as to a federal agency conducting an investigation, while preserving the privilege as against other parties seeking the information.” 154 Cong. Rec. H7817, H7818 to 19 (Sept. 8, 2008) (statement of Rep. Jackson-Lee); see also In re Initial Public Offering Sec. Litig., 249 F.R.D. 457, 460-62 (S.D.N.Y. 2008) (although the court noted that Steinhardt Partners left open the
possibility of selective waiver, it rejected the doctrine based in part on the decision to remove a selective waiver provision from proposed Federal Rule of Evidence 502). Nonetheless, FRE 502 may limit the scope of a waiver resulting from disclosure of privileged materials to the government.

c. Statutory Exception

There is one federal statutory safe harbor that allows disclosure of privileged information to government regulators without resulting in waiver. The Federal Deposit Insurance Act (“FDIA”) provides that privileged information disclosed by any person to federal, state, or foreign banking authorities relating to the supervision and regulation of banks is subject to safe harbor production.


(x) PRIVILEGES NOT AFFECTED BY DISCLOSURE TO BANKING AGENCY OR SUPERVISOR—

(1) IN GENERAL—The submission by any person of any information to the Bureau of Consumer Financial Protection, any Federal banking agency, State bank supervisor, or foreign banking authority for any purpose in the course of any supervisory or regulatory process of such Bureau, agency, supervisor, or authority shall not be construed as waiving, destroying, or otherwise affecting any privilege such person may claim with respect to such information under Federal or State law as to any person or entity other than such Bureau, agency, supervisor, or authority.


The CFPB is a federal agency established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). See Dodd-Frank Act § 1011(a), Pub. L. 111-203, 124 Stat. 1376 (establishing the FPB). The purpose of the CFPB is to supervise and monitor depository institutions, credit unions with assets over ten billion dollars, and certain nondepository institutions. See 12 U.S.C. § 5514(a)(1); 12 U.S.C. § 5515(a); CFPB Bulletin 12-01 (Jan. 4, 2012), at 1, available at http://files.consumerfinance.gov/f/2012/01/GC_bulletin_12-01.pdf (accessed May 11, 2019). The CFPB has taken the position that it may compel supervised entities to provide it with information, including privileged information, and that the provision of this information does not constitute waiver.

The CFPB took two separate actions in 2012. First, it issued a letter asserting that it could compel disclosure of privileged information and that pursuant to the compelled
disclosure doctrine, such disclosure would not result in waiver. See, e.g., CFPB Bulletin 12-01 (Jan. 4, 2012), at 1-2, available at http://files.consumerfinance.gov/f/2012/01/GC_bulletin_12-01.pdf (accessed May 11, 2019). Second, the CFPB, pursuant to its rulemaking authority, issued a proposed rule in March 2012 that became effective in August 2012, in which the CFPB purported to override federal and state law with respect to the effect of disclosure to this federal agency, providing that disclosure to the CFPB would not result in waiver of privilege. 12 C.F.R. § 1070.48. See also 77 Fed. Reg. 51, 15286-89 (Mar. 15, 2012) (proposed rule); 77 Fed. Reg. 129, 39617-21 (July 5, 2012) (final rule). The ABA, in April 2012, sent a letter to the CFPB arguing (1) that the Dodd-Frank Act did not grant the CFPB rights to compel disclosure, and (2) that disclosure without a corresponding federal statute would lead to waiver. See Letter from Wm. T. Robinson III, President of the American Bar Association, to Monica Jackson, Office of the Executive Secretary, CFPB (Apr. 12, 2012), at 4-5, 9, available at http://www.americanbar.org/content/dam/aba/uncategorized/GAO/2012apr13_attorneyclientprivileges_Lauthcheckdam.pdf (accessed May 11, 2019).

The December 2012 FDIA amendments may allay concerns with respect to depository institutions, but the FDIA’s safe harbor protection likely does not cover non-depository institutions. The FDIA itself does not purport to regulate non-depository institutions. Section 1828 of the FDIA is titled “Regulations governing insured depository institutions,” which the Act defines as “bank[s] or savings association[s] the deposits of which are insured by the [Federal Deposit Insurance Corporation] . . . .” See 12 U.S.C. §§ 1813(c)(2), 1828. It is also questionable whether the CFPB’s rulemaking authority is sufficient to bind state courts and alter states’ substantive laws with regard to privilege. As the Judicial Conference Advisory Committee on Evidence Rules explained, FRE 502 was enacted by Congress through its authority under the Commerce Clause and not through the rulemaking process precisely because “a rule of privilege cannot take effect through the ordinary rulemaking process” and “cannot bind state courts.” Fed. R. Evid. 502 advisory committee comment (original version), available at http://www.lexisnexis.com/applieddiscovery/lawLibrary/ProposedRuleEvidence502.pdf (accessed May 11, 2019). Thus, the disclosure of privileged information to the CFPB by non-depository institutions may therefore still lead to waiver, notwithstanding the CFPB’s rulemaking and congressional amendments of the FDIA. See, e.g., American Financial Services Association, 2017 Federal Priorities, available at https://www.afsaonline.org/Portals/0/Federal/AFSA%202017%20Federal%20Priorities.pdf (accessed May 11, 2019).

7. FRE 502 – Limitation On Scope Of Waiver

Although disclosure of privileged materials to the government may waive the attorney-client privilege and work product protections, FRE 502 limits the scope of such waiver.

FRE 502(a) provides:

a) Disclosure made in a federal proceeding or to a federal office or agency; scope of a waiver. –
When the disclosure is made in a federal proceeding or to a federal office or agency and waives the attorney-client privilege or work-product protection, the waiver extends to an undisclosed
communication or information in a federal or state proceeding only if:

(1) the waiver is intentional;

(2) the disclosed and undisclosed communications or information concern the same subject matter; and

(3) they ought in fairness to be considered together.

FED. R. EVID. 502(a).

The Advisory Committee’s Note explains that subject matter waiver should be the exception, not the rule:

The rule provides that a voluntary disclosure in a federal proceeding or to a federal office or agency, if a waiver, generally results in a waiver only of the communication or information disclosed; a subject matter waiver (of either privilege or work product) is reserved for those unusual situations in which fairness requires a further disclosure of related, protected information, in order to prevent a selective and misleading presentation of evidence to the disadvantage of the adversary.

FED. R. EVID. 502(a) advisory committee’s note. The Note further clarifies, “subject matter waiver is limited to situations in which a party intentionally puts protected information into the litigation in a selective, misleading and unfair manner.” Id. The Note cites In re United Mine Workers of America Employee Benefit Plans Litigation, 159 F.R.D. 307, 312 (D.D.C. 1994) (limiting the waiver of work product to documents actually disclosed), as an example of the proper scope of waiver. The court in United Mine Workers held that subject matter waiver was only proper where there has been a deliberate disclosure intended to gain tactical advantage. 159 F.R.D. at 312. There, the court found that the documents were not disclosed in an effort to achieve an advantage because all of the documents were unhelpful to the disclosing party. Id. The court explained further disclosure was likely to grant the opposing party a “strategic windfall” that could “undermine the adversary system.” Id. See also Williams & Connolly LLP v. SEC, No. 09-651, 2010 WL 3025030, at *5 (D.D.C. Aug. 4, 2010) (finding that the production of handwritten notes by the government pursuant to Federal Rule of Criminal Procedure 16 did not create a waiver for all handwritten notes and emphasizing that the existence of additional undisclosed handwritten notes did not mean that they even involved the same subject matter); but see SEC v. Microtune, Inc., 258 F.R.D. 310, 317 (N.D. Tex. 2009) (holding that disclosure of some internal investigation materials to SEC resulted in subject matter waiver because Microtune had affirmatively used the disclosure to obtain a lenient deal from the government); Mainstay High Yield Corp. v. Heartland Indus. Partners, L.P., 263 F.R.D. 478, 482-83 (E.D. Mich. 2009) (finding submission of “white paper” to federal prosecutors for purpose of obtaining leniency would waive entire subject matter of document, but allowing party opportunity to prove white paper was submitted by attorney without party’s authorization).
Courts applying FRE 502(a) to disclosures of internal investigation information to the government focus on whether the disclosures would give an unfair advantage to a litigation adversary.

See:

**In re General Motors LLC Ignition Switch Litig.,** 80 F. Supp. 3d 521, 533-34 (S.D.N.Y. 2015). Pursuant to FRE 502(a), disclosure of an internal investigation report to federal offices and agencies did not waive privilege with respect to underlying investigation materials such as notes, summaries, and formal memoranda relating to individual interviews conducted by company’s outside counsel. Where a party has neither offensively used a report in litigation, nor made a selective or misleading presentation that is unfair to adversaries in litigation, it does not present the “unusual and rare circumstances in which fairness requires a judicial finding of waiver with respect to related protected information.”

**In re Weatherford Int’l Sec. Litig.,** No. 11 Civ. 1646 (LAK)(JCF), 2013 WL 6628964, at *2 (S.D.N.Y. Dec. 16, 2013). Disclosure to the SEC of PowerPoint presentations that summarized the facts of an internal investigation did not result in broad subject matter waiver. Instead, the disclosure waived privilege over other, related, undisclosed privileged information that was “explicitly referenced” in the presentations to the SEC. “In short, interview materials need not be produced unless those specific materials are explicitly identified, cited or quoted in information disclosed to the SEC.

**Gruss v. Zwirn,** No. 09-Civ. 6441 (PGG)(MHD), 2013 WL 3481350 (S.D.N.Y. July 10, 2013). Where company disclosed PowerPoint presentations to the SEC that set forth summaries of what each of 21 witnesses told counsel during investigation related interviews, the company waived attorney-client privilege over counsel’s interview notes, first because the disclosures were the substance of individually identifiable communications with counsel, and second, according to the court, the company had produced in discovery only favorable witness interview excerpts shown to the SEC, while refusing to produce the witness summaries and notes from which the favorable excerpts were drawn. The court found that “Defendants have manipulated their evidentiary privileges to serve their interests.” The court also held that the company had waived the work product protection over factual portions of the interview notes and summaries. The court ordered defendant to produce the notes and summaries to the court for in camera review to determine what portions of the documents were opinion work product, which had not been waived.

**8. FRE 502 Protections In Other Proceedings: Practical Limitations**

FRE 502(d) provides that a federal court order finding no waiver “by disclosure connected with the litigation before the court” will be binding on “any other federal or state proceeding.” FRE 502(e) provides that an agreement “on the effect of disclosure in a federal proceeding is binding only on the parties to the agreement, unless it is incorporated into a court order.”

These provisions raise two practical questions where a corporation wishes to disclose information to a federal office or agency, but no “proceeding” yet exists. First, in subsequent litigation, how will the producing party obtain one ruling regarding waiver that will be binding on all other state and federal proceedings? For example, if a corporation has disclosed privileged information to the SEC, which subsequently brings an action against the corporation, will a court order limiting the scope of discovery to only the documents actually disclosed to the SEC bind other courts? Third-party litigants in separate actions may argue that the disclosure to the SEC was not “in connection with” the subsequent litigation brought by the SEC, therefore a court in separate litigation has the authority independently to determine the scope of waiver. Although the “in connection with” language may be broad enough to
encompass subsequent litigation relating to the SEC investigation, courts may differ in their
interpretation of the rule.

A second practical problem arises with respect to non-waiver/“claw back” or similar
agreements that a producing party may enter into with the government with respect to
inadvertent disclosure. Rule 502(e) provides that agreements among parties are not binding
on others, such as subsequent third-party opponents, unless the agreements are incorporated
into a court order. As one commentator has suggested with respect to confidentiality
agreements, the solution to both of these practical problems may be for a producing party to
(1) insist that the government issue a subpoena and then (2) file an action for a protective order.
context of that “proceeding,” the court can incorporate the terms of the parties’ confidentiality
agreement into a protective order. That court would also be able to issue rulings on the scope
of waiver that would be binding in other federal and state proceedings with respect to
disclosures made pursuant to the subpoena. However, the disadvantage of this approach may
be to force the government to formalize an otherwise informal request and potentially make
public what otherwise would not have been a publicly disclosed investigation. Id.

The FRE 502 order entered by the court in SEC v. Bank of America Corp., No. 09 Civ.
06829 (JSR), 2009 WL 3297493 (S.D.N.Y. Oct. 14, 2009), is an example of parties and the
court using FRE 502 proactively to limit waiver to the privileged materials actually disclosed
to the government. In Bank of America, Bank of America (“BoA”) had decided to waive
privilege and to disclose several specific categories of documents to the government. Id. at *1.
In the proposed order, BoA defined the “subject matter” of the documents with respect to a
specific date range and specific substantive areas and stated that it intended to disclose “all
documents” to the government that fell within the defined subject matter. Id. The court entered
BoA’s proposed order, effectively adopting BoA’s definition of subject matter, and ordered
that BoA’s “waiver” would not result in broader waiver in the instant proceeding or in any
other federal or state proceeding, including 58 pending state and federal actions that had been
filed against BoA. Id. at *1. See also In re MF Global Holdings Ltd., No. 11-15059, 2012 WL

I. EXCEPTIONS TO THE ATTORNEY-CLIENT PRIVILEGE

1. The Crime-Fraud Exception

The attorney-client privilege does not apply when a client consults a lawyer for the
purpose of furthering an illegal or fraudulent act. United States v. Zolin, 491 U.S. 554, 563
(1989); In re Antitrust Grand Jury, 805 F.2d 155, 162 (6th Cir. 1986); In re Grand Jury
Subpoenas Duces Tecum, 773 F.2d 204, 206 (8th Cir. 1985); United States v. Horvath,
731 F.2d 557, 562 (8th Cir. 1984); cf. Clark v. United States, 289 U.S. 1, 13-14 (1933). The
so-called “crime-fraud exception” removes the protection of the attorney-client privilege for
communications concerning contemplated or continuing crimes or frauds. This exception
encompasses criminal and fraudulent conduct based on action as well as inaction.
See:

Nix v. Whiteside, 475 U.S. 157, 174 (1986). “A defendant who informed his counsel that he was arranging to bribe or threaten witnesses or members of the jury would have no ‘right’ to insist on counsel’s assistance or silence. Counsel would not be limited to advising against that conduct. An attorney’s duty of confidentiality, which totally covers the client’s admission of guilt, does not extend to a client’s announced plans to engage in future criminal conduct.”

In re United States, 321 F. App’x 953, 956-57 (Fed. Cir. 2009). Court found crime-fraud exception applicable to violation of court order where government engaged in prohibited ex parte communications.

In re Grand Jury Subpoena, 745 F.3d 681, 691-93 (3d Cir. 2014). The Third Circuit affirmed the district court’s finding that the crime-fraud exception applied to attorney’s unmemorialized oral communications with client and its order compelling the attorney to testify before a grand jury. There was a reasonable basis for the district court to find that attorney’s advice to client that he should not make proposed payments to obtain business because they could potentially violate the Foreign Corrupt Practices Act and attorney’s provision of information about the types of conduct that violate the law were used by the client to fashion his conduct in furtherance of a crime or fraud.

In re Grand Jury Subpoena, 419 F.3d 329, 335-36 (5th Cir. 2005). Affirming district court ruling that privilege had been waived with regard to defendant’s comments to attorney regarding obstruction of justice. The lower court properly conducted an in camera examination of the defendant’s counsel and, based on that evidence and affidavits, the government had indeed made a prima facie showing of criminal activity.

United States v. Alexander, 287 F.3d 811, 816-17 (9th Cir. 2002). Client’s threats against attorney and others were not subject to privilege.

Craig v. A.H. Robins Co., 790 F.2d 1, 3-4 (1st Cir. 1986). General counsel’s advice to destroy documents after loss of court case was not privileged in later suit.

In re Antitrust Grand Jury, 805 F.2d 155, 165-66 (6th Cir. 1986). Communications made with intent to further violations of the Sherman Act held not privileged based on the crime-fraud exception.

In re Grand Jury Subpoena Duces Tecum, 731 F.2d 1032, 1038-39 (2d Cir. 1984). Fraudulent conveyance was a sufficient basis for application of the crime-fraud exception.

Abbott Laboratories v. H&H Wholesale Services, Inc., No. 17 CV 3095 (CBA)(LB), 2018 WL 2459271, at *6 (E.D.N.Y. Mar. 9, 2018). Crime-fraud exception applied where the record reflected that a deficient production “was calculated and purposeful.”


United States v. Boender, No. 09 CR 186-1, 2010 WL 849360, at *6 (N.D. Ill. Mar. 8, 2010), aff’d 649 F.3d 650 (7th Cir. 2011). Client’s communications with attorney regarding an invoice were not privileged because the client knew the invoice was fabricated and had used his real estate attorney as a conduit to place the invoice among documents that might be turned over to the government.

Catton v. Def. Tech. Sys., Inc., No. 05 Civ. 6954 (SAS), 2007 WL 3406928, at *2 (S.D.N.Y. Nov. 15, 2007). Crime-fraud exception applied to communications between a company and its attorney for the purpose of obtaining opinion letters in connection with transfers of company securities where plaintiffs alleged that defendants knowingly made false representations to an attorney to induce him to issue opinion letters that stated certain securities could be transferred without indicating that they were “restricted.”

Irving Trust Co. v. Gomez, 100 F.R.D. 273, 276 (S.D.N.Y. 1983). Intentional or reckless tort of refusing to release funds without a basis for belief that the customer was not entitled to his money was sufficient basis for application of the crime-fraud exception.


Hutchinson v. Farm Family Cos. Ins. Co., 867 A.2d 1, 6-7 (Conn. 2005). Crime-fraud exception extends to claims involving bad faith. There is no justification for a privilege where communications are made for the purpose of evading legal or contractual obligations.

People v. Dang, 113 Cal. Rptr. 2d 763, 767 (Cal. Ct. App. 2001). Client’s statement to attorney that he would kill witness if not successful in bribing the same was not protected by the privilege.

But see:

Newman v. State, 863 A.2d 321, 335-36 (Md. 2004). Where defendant told attorney of plans to commit murder, the communication was privileged and not within the scope of the crime-fraud exception. The defendant did not seek advice or assistance in furtherance of a crime, nor was such a statement unusual in contested custody proceedings. Simply confessing a desire to commit a crime in the future is not sufficient to waive the privilege.

In re Public Defender Serv., 831 A.2d 890, 910 (D.C. 2003). Crime-fraud exception does not apply where the communication did not further ongoing or future crimes. The court ruled that a lawyer could not be compelled to disclose his client’s communications to him in which the client may have asked the attorney to use a false affidavit at trial. The court observed that it is an attorney’s duty to try to convince a client not to commit a crime or fraud that they may be contemplating. When the attorney is successful, the communication has not furthered a crime or fraud and, as a consequence, is not discoverable.

The crime-fraud exception does not apply to communications concerning crimes or frauds that occurred in the past. Zolin, 491 U.S. at 562. Such communications remain protected. In cases where the communications at issue were made for the purpose of covering up past misconduct or obstructing justice, however, the privilege may be waived because these activities constitute a continuing offense.

See:

United States v. Lentz, 524 F.3d 501, 524-25 (4th Cir. 2008). Court held the communication with attorney was in furtherance of a murder plot, triggering the crime-fraud exception.

In re Fed. Grand Jury Proceedings, 89-10, 938 F.2d 1578 (11th Cir. 1991). Court held that the crime-fraud exception applies only to current or future illegal acts. Thus, the privilege protected a memorandum sent after the fraud was completed but that memorialized communications that occurred during the fraud. Court
concluded that post-crime repetition or discussion of earlier communications can be privileged even though the original conversation would not have been privileged because of the crime-fraud exception.

_Craig v. A.H. Robins Co., Inc_, 790 F.2d 1, 3 (1st Cir. 1986). Deliberate destruction of documents in an effort to cover up wrongdoing barred the invocation of the privilege as to all communications.

_Pritchard-Keang Nam Corp. v. Jaworski_, 751 F.2d 277, 281 (8th Cir. 1984). In Missouri, the crime-fraud exception does not apply unless the crime or fraud was contemplated by the client when counsel was employed.

_Duttle v. Bandler & Kass_, 127 F.R.D. 46 (S.D.N.Y. 1989). Court required disclosure of documents that showed attempt to pay off an adversary in civil litigation in order to get allegations of criminal fraud withdrawn.

The crime-fraud exception protects against abuse of the attorney-client relationship. _In re Napster, Inc. Copyright Litig._, 479 F.3d 1078, 1090 (9th Cir. 2007), _abrogated on other grounds by Mohawk Indus., Inc. v. Carpenter_, 130 S.Ct. 599 (2009). Thus, when an attorney dissuades or prevents his client from engaging in illegal conduct, the attorney-client relationship has not been abused; rather, the relationship has served the administration of justice by promoting legal conduct. See, e.g., _In re Grand Jury Investigation_, 772 N.E.2d 9, 21-22 (Mass. 2002). Whatever the client’s initial intentions, the attorney-client communication in such a case does not further the commission of a crime or fraud; instead it furthers obedience to the law. To withhold the privilege from such communications “would penalize a client for doing what the privilege is designed to encourage—consulting a lawyer for the purpose of achieving law compliance.” _RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 82 cmt. c (2000); accord In re Sealed Case, 107 F.3d 46, 49 (D.C. Cir. 1997).

After a party has invoked the attorney-client privilege, the person seeking to abrogate the privilege under the crime-fraud exception has the burden to present a _prima facie_ case that the advice was obtained in furtherance of an illegal or fraudulent act. _See In re Chevron Corp._, 633 F.3d 153, 166 (3d Cir. 2011) (holding that party seeking waiver must “make a _prima facie_ showing that (1) the client was committing or intending to commit a fraud or crime, and (2) the attorney-client communications were in furtherance of that alleged crime or fraud”) (citation omitted); _see also In re Grand Jury Proceedings_, 401 F.3d 247, 251 (4th Cir. 2005); _In re Grand Jury Subpoenas_, 144 F.3d 653, 659-60 (10th Cir. 1998); _United States v. Jacobs_, 117 F.3d 82, 87-88 (2d Cir. 1997), _abrogated on other grounds by Loughrin v. United States_, 134 S. Ct. 2384, 2387-88 (2014); _In re Grand Jury_, 845 F.2d 896, 897-98 (11th Cir. 1988); _In re Sealed Case_, 754 F.2d 395, 399 (D.C. Cir. 1985); _In re Grand Jury Subpoena Duces Tecum_, 731 F.2d 1032, 1038-39 (2d Cir. 1984); _United States v. Horvath_, 731 F.2d 557, 562 (8th Cir. 1984); _In re Grand Jury Proceedings_, 689 F.2d 1351, 1352 (11th Cir. 1982); _In re 650 Fifth Ave., No. 08 10934, 2013 WL 1870090_, at *2 (S.D.N.Y. Apr. 24, 2013) (denying the government’s wholesale assertion of the crime-fraud exception); _E.I. DuPont de Nemours & Co. v. MacDermid Printing Solutions, L.L.C._, No. 06-3383, 2011 WL 4708069, at * 1 (D.N.J. Aug. 4, 2011); _Vardon Golf Co., Inc. v. Karsten Mfg. Corp._, 213 F.R.D. 528, 534-35 (N.D. Ill. 2003); _X Corp. v. Doe_, 805 F. Supp. 1298, 1306-07 (E.D. Va. 1992); _Coleman v. ABC_, 106 F.R.D. 201, 207 (D.D.C. 1985); _In re Campbell_, 248 B.R. 435, 439 (Bankr. M.D. Fla. 2000). It is not necessary to show that the crime or fraud was actually completed – only that the crime or fraud was the objective of the communication. _In re Grand Jury Subpoena Duces Tecum_, 731 F.2d at 1039. A party may not merely allege that a fraud occurred and that disclosure
would help her prove the fraud, but must identify a specific communication made in furtherance of the fraud. See In re BankAmerica Corp. Sec. Litig., 270 F.3d 639, 641-42 (8th Cir. 2001); see also Babych v. Psychiatric Solutions, Inc., No. 09 C 8000, 2010 WL 5128355, at *6 n.5 (N.D. Ill. Dec. 15, 2010) (holding that the crime-fraud exception does not apply when the party seeking waiver failed to allege how the communications might have been in furtherance of fraud).

Courts have reached different conclusions about the burden of proof required to make a prima facie case. See In re Feldberg, 862 F.2d 622, 625-26 (7th Cir. 1988) (noting differences). The Supreme Court left open the question of what showing of proof must be made to trigger the crime-fraud exception. United States v. Zolin, 491 U.S. 554, 563-64 n.7 (1989).

- The First Circuit has held “[s]hould a party seek to invoke the crime-fraud exception, she must provide ‘something to give color to the charge; there must be prima facie evidence that it has some foundation in fact.’ The First Circuit has expressly declined to adopt any of the more particularized formulations of this standard that the other circuits have developed.” In re Grand Jury Subpoena, 220 F.R.D. 130, 152 (D. Mass. 2004) (citations omitted).

- The Second and Sixth Circuits have held that the party seeking to abrogate the privilege must demonstrate probable cause to believe that a crime or fraud was committed. See In re Richard Roe, Inc., 68 F.3d 38, 40 (2d Cir. 1995) (reversing district court for applying “relevant evidence” standard rather than more stringent “probable cause” standard); In re Richard Roe, Inc., 168 F.3d 69, 71 (2d Cir. 1999) (again reversing the district court for failure to find probable cause); In re Antitrust Grand Jury, 805 F.2d 155, 165-66 (6th Cir. 1986); In re Grand Jury Subpoena Duces Tecum, 731 F.2d 1032, 1039 (2d Cir. 1984) (standard requires probable cause to believe that a crime or fraud has been committed and that the communications were in furtherance thereof, or, in other words, that a prudent person has a reasonable basis to suspect the actual or attempted perpetration of a crime or fraud and that the communications were in furtherance thereof); see also In re Omnicom Grp., Inc. Sec. Litig., 233 F.R.D. 400, 408, 410 (S.D.N.Y. 2006) (stating that a heightened probable cause standard should be applied given the complex technical accounting issues and the importance of preserving the attorney-client privilege); SEC v. Herman, No. 00 Civ. 5575 (PHK)(MHD), 2004 WL 964104, at *3 (S.D.N.Y. May 5, 2004) (applying probable cause test); In re Pub. Defender Serv., 831 A.2d 890, 904 (D.C. 2003) (adopting probable cause as the test to establish crime-fraud exception).

- The Third and Eleventh Circuits’ formulations are similar: “the party seeking discovery must present evidence which, if believed by the fact-finder, would be sufficient to support a finding that the elements of the crime-fraud exception were met.” Haines v. Liggett Grp., Inc., 975 F.2d 81, 95-96 (3d Cir. 1992); see also In re Grand Jury, 705 F.3d 133, 153-54 (3d Cir. 2012) (clarifying that Third Circuit precedent is “properly captured by the reasonable basis standard” by
which a party opposing the privilege must demonstrate a reasonable basis to suspect the perpetration of a crime); In re Grand Jury Investigation, 445 F.3d 266, 278-79 (3d Cir. 2006) (crime-fraud exception applied to communications about client’s legal obligations to comply with grand jury subpoena duces tecum where the government made a prima facie showing that client failed to satisfy her obligation to preserve electronic documents); In re Grand Jury Investigation, 842 F.2d 1223, 1226 (11th Cir. 1987) (announcing a test “satisfied by a showing of evidence that, if believed by a trier of fact, would establish the elements of some violation that was ongoing or about to be committed”).

The Fourth Circuit requires the party seeking discovery to present evidence that (1) the client was engaged in or planning a criminal or fraudulent scheme when it sought the advice of counsel, and (2) the attorney’s assistance was obtained in furtherance of the crime or fraud or was closely related to it. The party asserting privilege may respond with evidence to rebut the opposing party’s claims. The nature of the alleged crime or fraud, as well as facts supporting the application of the crime-fraud exception, may be presented ex parte and in confidence in grand jury proceedings, which are closed proceedings, and, consequently, the party asserting privilege should make a “best guess” as to the crime and evidence it must counter. See In re Grand Jury Subpoena, 642 F. App’x 223, 226-27 (4th Cir. 2016) (crime fraud exception applied where lawyer submitted a written submission to a regulator defending the clients’ trades based on clients’ misrepresentations to the lawyer).

The Fifth Circuit requires evidence that, if unrebutted, would result in a finding of fraud. See In re Grand Jury Subpoena, 419 F.3d 329, 336 (5th Cir. 2005); In re Int’l Sys. & Controls Corp. Sec. Litig., 693 F.2d 1235, 1242 (5th Cir. 1982); In re Campbell, 248 B.R. 435, 440 (Bankr. M.D. Fla. 2000) (applying Fifth Circuit test).

The Seventh Circuit requires evidence sufficient to require an explanation by the party asserting the privilege. In re Feldberg, 862 F.2d 622, 625-26 (7th Cir. 1988).

The Eighth Circuit has said that it requires a threshold showing “that the legal advice was obtained in furtherance of the fraudulent activity and was closely related to it.” In re BankAmerica Corp. Sec. Litig., 270 F.3d 639, 642 (8th Cir. 2001) (internal citation omitted). A party may not merely allege that a fraud occurred and that disclosure would help her prove the fraud; there must be “a specific showing that a particular document or communication was made in furtherance of the client’s alleged crime or fraud.” Id. (citation omitted).

The Ninth Circuit standard in criminal cases is “reasonable cause to believe that the attorney’s services were utilized in furtherance of the ongoing unlawful scheme.” See United States v. Martin, 278 F.3d 988, 1001 (9th Cir. 2002). However, in civil cases the Ninth Circuit employs a preponderance of the
The evidence standard. In re Napster, Inc. Copyright Litig., 479 F.3d 1078, 1094-95 (9th Cir. 2007), abrogated on other grounds by Mohawk Indus., Inc. v. Carpenter, 130 S. Ct. 599 (2009). The Napster court also said that the party seeking to preserve the privilege has the right to introduce countervailing evidence. Id. at 1093.

- The Tenth Circuit has said that a prima facie case is established by “substantial and competent evidence” that the defendant used its attorney’s legal services in furtherance of a crime. In re Grand Jury Subpoenas, 144 F.3d 653, 660-61 (10th Cir. 1998).

- The District of Columbia Circuit requires “evidence that if believed by [the] trier of fact would establish the elements of an ongoing or imminent crime or fraud.” In re Sealed Case, 754 F.2d 395, 399 (D.C. Cir. 1985); accord In re Sealed Case, 107 F.3d 46, 50 (D.C. Cir. 1997) (repeating the test).


In establishing a prima facie case, courts generally will examine evidence of the client’s knowledge and intent to further the illegal act at the time the communication was made. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 82 cmt. c (2000). The client’s intent is determinative; the ignorance or knowledge of the attorney does not matter. In re
Grand Jury Subpoena v. United States, 870 F.3d 312, 319-20 (4th Cir. 2017) (applying crime-fraud exception despite government not asserting that the attorney was aware of the crime or fraud); United States v. Gorski, 807 F.3d 451, 461-62 (1st Cir. 2015) (holding that crime-fraud exception abrogated claims of attorney-client privilege as to both individual defendant and company he controlled, where individual defendant hired personal lawyer and separate law firm to represent company and communicated with both to conceal false certifications that individual defendant used to obtain government contracts for company, even though personal lawyer was not involved in company transactions designed to conceal false certifications); United States v. Weingold, 69 F. App’x 575, 578 (3d Cir. 2003) (the privilege may be disregarded even if the lawyer is altogether innocent); In re BankAmerica Corp. Sec. Litig., 270 F.3d 639, 643 (8th Cir. 2001) (granting mandamus where district court failed to find connection between advice and intentional securities disclosure violation); In re Grand Jury Proceedings, 87 F.3d 377, 381-82 (9th Cir. 1996) (privilege is waived where communications were in furtherance of criminal activity, despite the fact that attorney was unaware of the criminal activity and may actually have hindered the attempted criminal activity); In re Grand Jury Investigation, 842 F.2d 1223, 1228 (11th Cir. 1987) (exception applies regardless of whether the attorney is aware of the client’s improper purpose); In re Grand Jury Proceedings, 680 F.2d 1026, 1028-29 (5th Cir. 1982) (“Lawyers’ skills may not be employed, even without their knowledge, in furthering crimes.”); People v. Paasche, 525 N.W.2d 914, 918 (Mich. App. 1994) (“The crime-fraud exception applies even where the attorney or the accountant is unaware that advice is sought in furtherance of the improper purpose.”); see also In re Grand Jury, 475 F.3d 1299, 1305-06 (D.C. Cir. 2007) (fraudulent document provided by executive to innocent corporate counsel during government investigation was not privileged under crime-fraud exception, where joint defense agreement existed between executive and corporation); United States v. Al-Shahin, 474 F.3d 941, 947 (7th Cir. 2007) (applying crime-fraud exception where FBI agent posed as an attorney to attract clients seeking to defraud their accident insurers and assisted clients with submission of fraudulent claims and negotiations with insurers); United States v. Laurins, 857 F.2d 529, 540-41 (9th Cir. 1988) (privilege waived for communications in which a client falsely told his attorney that documents were not in the country and the attorney repeated this claim to the IRS); In re Sealed Case, 754 F.2d 395, 402 (D.C. Cir. 1985); United States v. Horvath, 731 F.2d 557, 562 (8th Cir. 1984); JOHN W. STRONG, MCCORMICK ON EVIDENCE § 95 (7th ed. 2016); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 82 cmt. c (2000). But see In re Grand Jury Matter #3, 847 F.3d 157, 166 (3d Cir. 2017) (denying application of crime-fraud exception where client emailed accountant protected work product for purpose of amending tax returns to facilitate fraud because amended tax returns were never filed).

The crime-fraud exception may also be applied to deny privilege protection to what would otherwise have been protected documents because of the misconduct of a party’s private investigators. See, e.g., Meyer v. Kalanick, No. 15-Civ.-9796, 2016 WL 3189961, at *3-4 (S.D.N.Y. June 7, 2016) (crime-fraud exception applied and required defendant to produce materials from private investigator, who had lied to third parties during investigation to obtain information about plaintiff and plaintiff’s counsel).

In contrast, in cases where the attorney is involved in the crime or fraud and the client is ignorant, the client can assert the attorney-client privilege. In re Impounded Case (Law Firm), 879 F.2d 1211, 1214 (3d Cir. 1989).
See also:


*Loustale v. Refco,* Inc., 154 F.R.D. 243, 246 (C.D. Cal. 1993). Third-party witness retained attorney to assist in the preparation of a letter to the SEC which contained false statements. Court found that communications surrounding this letter were privileged since the client was consulting lawyer about the legality of his conduct and because it was the client, not the attorney, who had drafted the deceptive letter.

But see:

*United States v. Bergrin,* No. 09-369, 2011 WL 4368970, at *6 (D. N.J. Sept. 19, 2011). “While the attorney-client privilege normally can only be waived by the client, the crime-fraud exception applies in a case against the attorney or his law firm where the attorney is acting unilaterally in committing crimes to further his representation of his client.”

*Chevron Corp. v. Salazar,* 275 F.R.D. 437, 452 (S.D.N.Y. 2011). Collecting cases analyzing the issue and concluding that fraud by an attorney can trigger the crime-fraud exception.

To establish the *prima facie* case, a link must also be drawn between the privileged communication and the crime or fraud. Generally, there must be at least some temporal proximity between the communication and the crime. *In re Grand Jury Investigation,* 445 F.3d 266, 279-80 (3d Cir. 2006) (communication with counsel concerning what documents were responsive to grand jury subpoena and subsequent acquiescence in the deletion or destruction of those documents constituted a misuse of counsel’s advice and supported application of crime-fraud exception); *In re Sealed Case,* 107 F.3d 46, 50 (D.C. Cir. 1997) (temporal proximity between counsel’s advice and vice-president’s violation of law not enough); *Pritchard-Keang Nam Corp. v. Jaworski,* 751 F.2d 277, 282 (8th Cir. 1984) (communications occurring before allegedly fraudulent activity was even contemplated could not have been made in furtherance of the sale); *In re Grand Jury Proceedings in Matter of Fine,* 641 F.2d 199, 204 (5th Cir. 1981) (fact that suspicious transaction took place within 6 months of corporation’s formation insufficient to establish that corporation was formed to further a criminal enterprise); *Harris v. Sw. Power Pool, Inc. v. Kittinger/Pennsylvania House Grp., Inc.,* 116 F.R.D. 46, 53 (M.D.N.C. 1987) (passage of 3 or 4 years between consultation with counsel and illegality showed that “[p]laintiffs fail to show a nexus in time. The timing of the alleged fraud is critical. The moving party must show the client was engaged in or planning misconduct at the time he seeks the advice of counsel.”).

Moreover, the communication must not merely relate to the crime or fraud; it must be in furtherance of it. *See In re BankAmerica Corp. Sec. Litig.***, 270 F.3d 639, 643-44 (8th Cir. 2001) (granting mandamus where district court did not link specific communications at issue to alleged fraud); *Cox v. Adm’r U.S. Steel & Carnegie,* 17 F.3d 1386, 1416 (11th Cir. 1994), *modified on reh’g,* 30 F.3d 1347 (11th Cir. 1994); *United States v. White,* 887 F.2d 267, 271 (D.C. Cir. 1989) (communication must be in furtherance of the crime or fraud, not just related to the crime or fraud); *In re Antitrust Grand Jury,* 805 F.2d 155, 168 (6th Cir. 1986) (“[M]erely
because some communications may be related to a crime is not enough to subject that communication to disclosure; the communication must have been made with an intent to further the crime” (citations omitted); Pritchard-Keang Nam Corp. v. Jaworski, 751 F.2d 277, 281-82 (8th Cir. 1984) (report of the results of an investigation into questionable payments was not itself in furtherance of crime or fraud, and therefore was not subject to disclosure under the crime-fraud exception); In re Sealed Case, 676 F.2d 793, 815 n.91 (D.C. Cir. 1982) (discussing the different standards required by the Circuit to establish the closeness of this link).

In addition, the court may not rely solely on the privileged document itself to prove the crime-fraud exception. Instead, in United States v. Zolin, 491 U.S. 554 (1989), the Supreme Court held that a party must make a preliminary showing before the court can conduct an in camera review. Because in camera review is a smaller intrusion on the attorney-client privilege than outright disclosure, a lesser evidentiary showing is needed to trigger it. Id. at 572. To make this showing, the movant must establish preliminary justification for a reasonable, good-faith belief that the communication is subject to the crime-fraud exception. Id. at 571-72; see also In re Grand Jury Subpoena, 745 F.3d 681, 689 (3d Cir. 2014) (holding that Zolin standard applies in determining whether to conduct an in camera examination of a witness). If this showing is made, the trial judge has the discretion to conduct an in camera examination of the entire communication. The judge is never required to conduct an in camera inspection. Id.

The reasoning in Zolin is similar to the Supreme Court’s treatment of the co-conspirator exception to the hearsay rule in Bourjaily v. United States, 483 U.S. 171 (1987). In Bourjaily, the Court held that, in making a preliminary factual determination under Federal Rule of Evidence 801(d)(2)(E) about the existence of a conspiracy and the non-offering party’s involvement in the conspiracy, a court may examine the hearsay statement sought to be admitted. 483 U.S. at 181. In Zolin, likewise, a court may review the allegedly privileged communications in camera to determine whether the crime-fraud exception applies. 491 U.S. at 572. Both Zolin and Bourjaily thus rejected the alternative rule that a court, in determining the preliminary facts relevant to the admission of the evidence, must only look to independent evidence other than the statements sought to be admitted. Distinct from the situation in Bourjaily, the Zolin court, however, required that a party seeking the in camera review must make a threshold showing that such review may reveal evidence to establish the claim that a crime-fraud exception applies. Id. at 571-72. In order to meet this preliminary showing requirement, a party opposing the privilege may use any non-privileged evidence in support of its request for in camera review, even if its evidence is not “independent” of the contested communications. Id. at 573-74 (allowing the use of partial transcripts reflecting the content of the contested communications to determine whether in camera review of the contested communications is appropriate). The party opposing the assertion of the attorney-client privilege must overcome this initial threshold showing, apparently without direct reliance on the contested evidence (although the party might show the contents of such communications by using other means or other medium of expression, like transcripts) before the contested evidence is directly examined in camera by the court.
See also:

Mt. Hawley Ins. Co. v. Felman Prod., Inc., 271 F.R.D. 125, 138 (S.D. W. Va. 2010). When the insured waived protection for a privileged email, the court considered the email as part of the non-privileged evidence submitted to support a reasonable belief that in camera review would yield evidence establishing the crime-fraud exception’s application.

U.S. ex rel. Mayman v. Martin Marietta Corp., 886 F. Supp. 1243 (D. Md. 1995). A court cannot examine an otherwise privileged document in camera absent an adequate threshold prima facie showing. Court refuses to review privileged document that had been stolen from defendant by qui tam plaintiff who was former employee of defendant.


The crime-fraud exception can thus be proven during in camera inspection only after the moving party sets forth a factual basis sufficient for a reasonable person to conclude that such a review would establish the non-privileged nature of the documents. Zolin, 491 U.S. at 573-74; see also In re Grand Jury Subpoena, 419 F.3d 329, 335-36 (5th Cir. 2005) (finding that district court properly conducted in camera examination where there was a good faith belief that defendant had discussed criminal conduct with counsel). In Haines v. Liggett Group, Inc., 975 F.2d 81, 96 (3d Cir. 1992), the court explored the relationship between (1) the burden of establishing a prima facie case and (2) the showing required to justify an in camera review under Zolin. In the second showing, the court determines whether adequate evidence has been presented such that in camera review will be fruitful. In making this determination, the court may consider only the presentation of the party challenging the privilege and seeking the in camera review. See In re Grand Jury Investigation, 974 F.2d 1068, 1073, 1075 (9th Cir. 1992). If in camera review is deemed potentially useful under this showing, the court then examines the disputed material and weighs the evidence to determine if the prima facie burden has been met. When evaluating the prima facie case, the court must follow a more formal procedure, and the party invoking the protection of the privilege must be given opportunity to be heard under due process. Haines, 975 F.2d at 97; see also:

In re Grand Jury Investigation, 810 F.3d 1110, 1113-14 (9th Cir. 2016). After district court found that government had established prima facie case that lawyers’ services were obtained in furtherance of ongoing crime and ordered production of all ‘matters identified in the subpoenas,” the Ninth Circuit vacated and remanded, directing the district court to conduct an in camera review of documents. The court noted that in camera review is not required at the first step of the government’s prima facie case, at which point the government may rely on non-privileged information, but in camera review is necessary to determine which documents fall within the scope of the exception.

United States v. Boender, 649 F.3d 650, 655-659 (7th Cir. 2011). Court rejected argument that appellant’s conviction for obstruction of justice was based on inadmissible attorney-client privileged communications. Seventh Circuit held that the district court was justified in holding an adversarial in camera hearing to determine the existence of the crime-fraud exception. Court held that the government’s proffer of evidence gave more than enough ‘color to the charge’ that [appellant’s] communications [with his attorney] regarding the existence and authenticity of the invoice were in furtherance of his endeavor to obstruct justice by conveying fake information to the government and influencing the ongoing grand-jury investigation.”

United States v. Trenk, 385 F. App’x 254, 257 (3d Cir. 2010). Court held that although privileged documents were properly before the district court for in camera inspection, the district court should not
have applied the crime-fraud exception without first notifying the appellant and providing him with an opportunity for argument. Quoting earlier Third Circuit precedent, the court stated: “Where a fact finder undertakes to weigh evidence in a proceeding seeking an exception to the privilege, the party invoking the privilege has the absolute right to be heard by testimony and argument.”

In re Marriage of Decker, 606 N.E.2d 1094, 1105-07 (Ill. 1992). Illinois adopted the prima facie test of the U.S. Supreme Court in Zolin, which requires that a judge first require a factual showing adequate to support a good faith belief by a reasonable person that an in camera review of the materials may establish the claim that the crime-fraud exception applies.

After the court determines that the crime-fraud exception applies, the privilege will not protect any communications made in furtherance of the fraud. However, the exception does not remove protection for other non-related communications. See In re Special Sept. 1978 Grand Jury (II), 640 F.2d 49, 61 n.16 (7th Cir. 1980); Restatement (Third) of the Law Governing Lawyers § 82 cmt. g (2000).

2. Exception For Suits Against Former Attorney

A client may also waive the privilege when he sues his former attorney. Laughner v. United States, 373 F.2d 326, 327 n.1 (5th Cir. 1967); Restatement (Third) of the Law Governing Lawyers § 83 (2000); 8 John H. Wigmore, Evidence § 2327 (Supp. 2019); John W. Strong, McCormick on Evidence § 91.1 (7th ed. 2016). Thus, the privilege will not protect communications relevant to a dispute over compensation or whether a lawyer acted wrongfully or negligently. 3 Jack W. Weinstein et al., Weinstein’s Federal Evidence § 503.33 (Lexis 2014); 24 Charles Alan Wright & Kenneth W. Graham, Jr., Federal Practice & Procedure § 5503 (1st ed. West 2019).

Some courts have held that an attorney may not use privileged information offensively against a client. See, e.g., In re Rindlisbacher, 225 B.R. 180, 183-84 (B.A.P. 9th Cir. 1998) (action filed by attorney against former client that was based on privileged information the attorney obtained while representing the former client was barred by both the attorney’s ethical obligations and his obligation pursuant to the attorney-client privilege to preserve client confidences). Other courts have provided that actions by an attorney may be brought provided provided that document containing privileged information are sealed or other measures are taken to preserve confidentiality. See Willy v. Admin. Review Bd., 423 F.3d 483, 498-99 (5th Cir. 2005) (noting that concerns about the disclosure of suits by in-house counsel “alone would not warrant dismissing a plaintiff’s case, especially where there are other means to prevent unwarranted disclosure of confidential information” and allowing in-house attorney to maintain his suit against oil company); Siedle v. Putnam Invs., Inc., 147 F.3d 7, 11-12 (1st Cir. 1998) (complaint filed by attorney against former client that included privileged information must be sealed by the court to protect the confidentiality of the privileged communications); Chubb & Son v. Superior Court of S.F., A140860, 2014 WL 3919614, at *12 (Cal. Ct. App. Aug. 12, 2014) (in an employment discrimination suit by attorney against former law firm employer and client, an insurer, the parties were not prohibited from disclosing privileged materials of third parties (the insurer’s clients) to their respective counsel) (emphasis in original); Heckman v. Zurich Holding Co. of Am., 242 F.R.D. 606, 611-13 (D. Kan. 2007) (in-house attorney could bring retaliatory discharge action against former employer provided legal duty of confidentiality was observed).
This exception acts as a selective waiver for the attorney only. The communications remain privileged as to the rest of the world. See Restatement (Third) of the Law Governing Lawyers § 83 cmt. e (2000).

See also:

- Indus. Clearinghouse, Inc. v. Browning Mfg. Div. of Emerson Elec. Co., 953 F.2d 1004, 1007 (5th Cir. 1992). Institution of a malpractice suit against one's attorney does not waive the attorney-client privilege with respect to third parties. Moreover, a complaint is not waiver in and of itself since confidentiality is not compromised until those communications are actually revealed.

- Cannon v. U.S. Acoustics Corp., 532 F.2d 1118, 1120 (7th Cir. 1976). Lawyers can employ privileged client information in fee claims against clients.


- In re Marriage of Bielawski, 764 N.E.2d 1254, 1263-64 (Ill. 2002). Privilege was waived in later action to rescind marital settlement agreement where wife sued former attorney for malpractice related to the same.

3. Fiduciary Exception

An exception to the attorney-client privilege has been developed for actions between an organization and the parties to whom it owes fiduciary duties. This exception originally started in the area of shareholder derivative actions in which courts were reluctant to permit corporations to invoke the attorney-client privilege to shield information from shareholders. See Garner v. Wolfinbarger, 430 F.2d 1093, 1102-04 (5th Cir. 1970). However, the Garner doctrine has expanded to non-derivative cases and has become an important and sometimes tricky exception to the attorney-client privilege.

a. The Garner Doctrine

In Garner v. Wolfinbarger, 430 F.2d 1093, 1103-04 (5th Cir. 1970), the Fifth Circuit held in a shareholder derivative suit:

[W]here the corporation is in suit against its stockholders on charges of acting inimically to stockholder interests, protection of those interests as well as those of the corporation and of the public require that the availability of the privilege be subject to the right of the stockholders to show cause why it should not be invoked in the particular instance.

The Garner court thus concluded that the protection of the privilege could be removed upon a showing of good cause. In reaching its decision, the court analogized the exception to the crime-fraud and joint-defense exceptions to the attorney-client privilege. Id. at 1102-03. (For

2 Some courts have simply characterized the Garner doctrine as the non-application of the attorney-client privilege instead of as an “exception” to the privilege. E.g., Sealy Mattress Co. of N.J., Inc. v. Sealy, Inc., No. Civil Action 8853, 1987 WL 12500, at *3 (Del. Ch. June 17, 1987).
a discussion of the joint-defense privilege, see § II.A, below.) The Garner court rationalized that a fiduciary relationship between the corporation and its shareholders creates a commonality of interest which precludes the corporation from asserting the attorney-client privilege against its shareholders. *Id.* at 1103.

The Garner court set forth a number of factors relevant to the presence or absence of a shareholder’s “good cause” to invoke the exception. *Id.* at 1104. The Restatement sets out similar factors (as detailed below) which echo Garner’s factors with respect to organizations generally. A court should thus consider:

1. The number of shareholders (or beneficiaries) actively requesting the privileged communication and their share in the organization. *See Fausek v. White*, 965 F.2d 126, 133 (6th Cir. 1992) (40% of shareholders sufficient); *Ward v. Succession of Freeman*, 854 F.2d 780, 786 (5th Cir. 1988) (less than 4% of shareholders not sufficient).

2. The bona fides of the shareholders. In non-derivative contexts, this has also been framed as the substantiality of the beneficiaries’ claim and whether there is an ulterior motive to place pressure on the organization.

3. The nature of the shareholder’s claim and whether it is obviously colorable. In non-derivative contexts, this element has also been set forth as determining the good faith of the beneficiaries.

4. The apparent relevance of the requested communications to the shareholders’ or beneficiaries’ claim, and the extent to which the information is available from other non-privileged sources. *See Fausek*, 965 F.2d at 133 (requiring uniqueness, not just convenience, and concluding that the desired material was not readily available elsewhere, if at all); *In re LTV Sec. Litig.*, 89 F.R.D. 595, 608 (N.D. Tex. 1981) (availability is an important factor, but true unavailability is needed – ease and cheapness are not as important); *Buttonwood Tree Value Partners, L.P. v. R.L. Polk & Co.*, No. 9250-VCG, 2018 WL 346036, at *5 (Del. Ch. Jan. 10, 2018) (true unavailability is needed – stockholder cannot simply assert that the information is unavailable when stockholder has made no effort to obtain the information from non-privileged sources); *Ryan v. Gifford*, Civil Action No. 2213-CC, 2007 WL 4259557, at *3 (Del. Ch. Nov. 30, 2007) (“Of particular importance is the unavailability of this information from other sources when information regarding the investigation and report of the Special Committee is of paramount importance to the ability of plaintiffs to assess and, ultimately prove, that certain fiduciaries of the Company breached their duties. Consequently, . . . these communications must be produced.”).
The extent to which the shareholders’ or beneficiaries’ claim accuses the corporation of wrongful action or the managers of the organization of clearly criminal or non-criminal illegal acts.

Whether the communication relates to past acts or to future events.

Whether the communication concerns advice regarding litigation brought by the shareholders or beneficiaries. See Zitin v. Turley, No. Civ. 89-2061-PHX-CAM, 1991 WL 283814, at *8 n.1 (D. Ariz. June 20, 1991) (finding that the Garner exception did not apply because the communications that shareholders sought were not related to the decisions that gave rise to the shareholders’ claims).

The specificity of the shareholders’ or beneficiaries’ request (i.e., the extent to which the communication is identified versus the extent to which the shareholders or beneficiaries are blindly fishing).

The extent to which the requested communications might contain trade secrets or other confidential or valuable information of the corporation or organization.

The extent that protective orders entered by the court will protect disclosure.

Whether a disinterested group of officers or directors made the decision not to waive the privilege.

See Garner, 430 F.2d at 1104; Restatement (Third) of the Law Governing Lawyers § 85 cmt. c (2000). These factors are non-exclusive and of equal weight. See id. But see RMED Int’l, Inc. v. Sloan’s Supermarkets, Inc., No. 94 Civ. 5587PKLRLE, 2003 WL 41996, at *5 (S.D.N.Y. Jan. 6, 2003) (“The apparent necessity of the information and its availability from other sources is considered the most important factor and is stressed by courts undertaking the Garner analysis”) (applying Garner to a class action securities fraud suit); Deutsch v. Cogan, 580 A.2d 100, 105 (Del. Ch. 2005) (identifying colorability of claims, identification of communications, necessity of shareholders having access to such information, and the availability of such information from other sources as particularly significant). Through this analysis, the court balances the injury that may result to the corporation from disclosure against (1) the benefit to be gained from the proper disposition of the litigation and (2) the rights of the shareholders. Garner, 430 F.2d at 1101.

In general, the burden is on the party seeking the otherwise privileged materials to show “good cause” to invoke the fiduciary exception to the privilege. See Garner, 430 F.2d at 1103-04 (“[P]rotection of [stockholder] interests as well as those of the corporation and of the public require that the availability of the privilege be subject to the right of the stockholders to show cause why it should not be invoked in the particular instance.”); see also Martin v. Valley Nat’l Bank of Ariz., 140 F.R.D. 291, 323 (S.D.N.Y. 1991) (discussing initial burden in ERISA beneficiary context with respect to the trustee of an employee stock ownership plan); but see Wash.-Balt. Newspaper Guild, Local 35 v. Wash. Star Co., 543 F. Supp. 906, 909 n.5 (D.D.C.
1982) (distinguishing beneficiary interests in a corporate setting from those in an ERISA setting).

Most courts have followed Garner both in the derivative context and, as set forth in more detail in § 11.3.b, below, in fiduciary contexts as well. See Bland v. Fiatallis N. Am., Inc., 401 F.3d 779, 787 (7th Cir. 2005) (recognizing fiduciary exception in ERISA context); Fausek, 965 F.2d at 133 (recognizing that former minority shareholders had shown good cause to abrogate corporate privilege claimed by majority shareholder); Fortson v. Winstead, McGuire, Sechrest & Minick, 961 F.2d 469, 475 n.5 (4th Cir. 1992) (even though limited partners did not establish good cause to invoke exception, the court recognized that the fiduciary exception could apply in a general partner-limited partner relationship); Tatum v. R.J. Reynolds Tobacco Co., 247 F.R.D. 488, 495 (M.D.N.C. 2008) (recognizing the existence of a fiduciary exception where an ERISA plan administrator asserts attorney-client privilege to matters on which a fiduciary duty is owed to the beneficiaries); In re Gen. Instrument Corp. Sec. Litig., 190 F.R.D. 527, 529-30 (N.D. Ill. 2000) (following Garner and applying the fiduciary exception to shareholder derivative suit); Quintel Corp., N.V. v. Citibank, N.A., 567 F. Supp. 1357, 1363-64 (S.D.N.Y. 1983) (ordering disclosure between client and the bank that represented client in a real estate transaction); Wash.-Balt. Newspaper Guild, 543 F. Supp. at 909-10 (ordering disclosure of communications between attorney and trustee pursuant to Garner); In re LTV Sec. Litig., 89 F.R.D. at 608; Neusteter v. Dist. Court, 675 P.2d 1, 6 (Colo. 1984); Wal-Mart Stores, Inc. v. Indiana Elec. Workers Pension Trust Fund IBEW, No. 614, 2013, 2014 WL 3638848, at *11-13 (Del. July 23, 2014) (adopting the Garner fiduciary exception for both derivative actions and proceedings pursuant to 8 Del. C. § 220 involving shareholder requests to inspect a company’s books and records); In re Lululemon Athletica, Inc., C.A. No. 9039-VCP, 2015 WL 1957196, at *9 (Del. Ch. Apr. 30, 2015) (applying the Garner fiduciary exception and ordering disclosure of a company’s books and records, including an email chain exchanged by and among executive officers and outside counsel of the company); Beard v. Ames, 96 A.D.2d 119, 120-21 (N.Y. App. Div. 1983).

(rejecting the fiduciary exception under Texas law and allowing the attorney-client privilege to shield from trust beneficiaries communications between trustee and attorney regarding trust administration).

b. **Extension Of Garner Beyond Derivative Suits**

The Garner doctrine originally arose in the context of the shareholder derivative suit. In a derivative suit, the shareholder purports to represent the corporation itself, and in such cases, there is a clear fiduciary duty owed by the directors and officers to the corporation. Many courts have expanded the application of Garner to areas beyond those in which officers owe fiduciary duties to a company’s shareholders.

See:

_in re Witness Before Special Grand Jury 2000-2_, 288 F.3d 289, 293-94 (7th Cir. 2002). Rejecting claim by then-governor of Illinois George Ryan that his conversations with “in-house” government counsel were privileged and observing that “[j]ust as a corporate attorney has no right or obligation to keep otherwise confidential information from shareholders[,] Garner v. Wolfinbarger, 430 F.2d 1093, 1101 (5th Cir. 1970), so a government attorney should have no privilege to shield relevant information from the public citizens to whom she owes ultimate allegiance, as represented by the grand jury.”__

_Fausek v. White_, 965 F.2d 126, 130-33 (6th Cir. 1992). Minority shareholders brought direct action against the former majority shareholder for misrepresentations in valuing their stock. Shareholders sought to depose the attorney who advised the majority shareholder during the stock acquisition. Court found that the Garner rationale applied even though the case was a direct action. It reasoned that Garner was not limited to derivative actions, but that the type of action was just a factor to consider in determining “good cause.” Minority shareholders alleged that majority shareholder had become the alter ego of the corporation and therefore owed a fiduciary duty to plaintiffs which he could not circumvent by resorting to a claim of privilege. Court agreed that the majority shareholder owed a fiduciary duty to the minority shareholders and found that Garner applies whenever the corporation stands in a fiduciary relationship to those seeking to abrogate the privilege. As a result, even though the corporation was not a named party to the case, the existence of the duty to the shareholders permitted an exception to the attorney-client privilege.

_Ward v. Succession of Freeman_, 854 F.2d 780, 786 (5th Cir. 1988). Court refused to limit Garner to derivative actions but noted that it should be more difficult to show good cause in a non-derivative shareholder action, because where shareholders seek to recover damages for themselves (rather than sharing with all of the shareholders or corporation), their motivations are more suspect and “more subject to careful scrutiny.”

_Lawrence E. Jaffe Pension Plan v. Household Int’l, Inc.,_ 244 F.R.D. 412, 421-23 (N.D. Ill. 2006). Fiduciary exception applied to communications with accounting firm in securities fraud class action by shareholders against lender. Although the court noted that it “view[ed] the non-derivative nature of the claim as a strong factor to consider in determining whether to prevent invocation of the attorney-client privilege,” it found that plaintiffs established the requisite good cause.

_RMED Int’l, Inc. v. Sloan’s Supermarkets, Inc.,_ No. 94 Civ. 5587PKLRLE, 2003 WL 41996, at *4 n.13 (S.D.N.Y. Jan. 6, 2003). Applying Garner in securities fraud class action after noting that the non-derivative nature of the case was relevant to the determination of good cause, and holding that disclosure of attorney advice regarding a Federal Trade Commission investigation into corporation’s acquisition practices was required under the fiduciary exception.
In re ML-Lee Acquisition Fund II, L.P. & ML-Lee Acquisition Fund (Ret. Accounts) II, L.P. Sec. Litig., 848 F. Supp. 527, 564 (D. Del. 1994). Fact that a suit was not a derivative action was only one factor to consider under the Garner doctrine, and that factor alone did not preclude disclosure of privileged communications between general partners and limited partnership counsel to mutual fund limited partners.

Nellis v. Air Line Pilots Ass’n, 144 F.R.D. 68, 70-71 (E.D. Va. 1992), criticized on other grounds in Jones v. Union Carbide Chems. & Plastics Co., 67 F.3d 295 (4th Cir. 1995). Court applied the fiduciary exception in a suit by union members against their national union on the basis that unions owe a fiduciary duty to their members. The court found that communications between union officials and union attorneys came within the exception.


Donovan v. Fitzsimmons, 90 F.R.D. 583, 584-87 (N.D. Ill. 1981). Secretary of Labor, bringing suit on behalf of beneficiaries of a pension fund, was granted access to privileged materials based on Garner.


Because courts have expanded the Garner doctrine to include other cases where a fiduciary duty is owed to constituents or beneficiaries, courts usually require the shareholder in non-derivative actions to have been a shareholder when the alleged misfeasance or misrepresentations occurred. They reason that purchasers who acquired their interest after the wrongful actions took place were not owed any duty at the time, and therefore cannot show good cause. See Moskowitz v. Lopp, 128 F.R.D. 624, 637 (E.D. Pa. 1989) (denying plaintiff’s wholesale disclosure request because plaintiff was not a shareholder at the time the communication took place); In re Atl. Fin. Mgmt. Sec. Litig., 121 F.R.D. 141, 146 (D. Mass. 1988) (Garner exception did not apply because plaintiffs had not yet purchased stock when the communications occurred and therefore could not establish that a fiduciary relationship existed); Quintel Corp., N.V., 567 F. Supp. at 1363-64 (privilege attached only to communications made prior and subsequent to the period of the fiduciary relationship). Other courts will allow subsequent purchasers to invoke the Garner exception. In re Baimco Corp. Sec. Litig., 148 F.R.D. 91, 97-99 (S.D.N.Y. 1993); Cohen v. Uniroyal, Inc., 80 F.R.D. 480, 484 (E.D. Pa. 1978) (applying Garner rationale in shareholder class action where plaintiffs were not shareholders at the time of the allegedly fraudulent conduct). See also Lawrence E. Jaffe Pension Plan, 244 F.R.D. at 423 (securities fraud class action brought to recover financially for injuries sustained by the investing public as a result of corporation’s alleged fraud was subject to Garner exception because the class represented a “substantial majority of shareholders who owned stock at the time of the [attorney-client] communications in question”); Salberg v. Genworth Fin., Inc., No. 2017-0018-JRS, 2017 WL 3499807, at *7 (Del. Ch. July 27, 2017) (applying Garner exception in a Section 220 books and records action and
denying shareholders’ complaint to compel production of privileged documents that concerned a parallel derivative proceeding brought by the same shareholders); In re Lululemon Athletica, Inc. No. 9039-VCP, 2015 WL 1957196, at *10-14 (Del. Ch. Apr. 30, 2015) (applying Garner exception in Section 220 books and records action and requiring production of privileged documents); cf. In re Omnicom Grp., Inc. Sec. Litig., 233 F.R.D. 400, 412 (S.D.N.Y. 2006) (exception did not apply where “[t]he transactions that are at the heart of the complaint and that formed the trigger for the targeted attorney-client communications were undertaken in the absence of a fiduciary relationship to a substantial portion of the class members.”).

While many courts have extended Garner beyond derivative actions, some courts have refused to do so. The Ninth Circuit has limited Garner to derivative actions and refused to create an exception for individual shareholder actions. Weil v. Inv./Indicators, Research & Mgmt., Inc., 647 F.2d 18, 23 (9th Cir. 1981). In Weil, the court distinguished Weil’s individual action, which benefited only the named plaintiff and her class, from the derivative suit in Garner, which presumably benefited the corporation, and therefore refused to apply the Garner exception. Id. In addition, the court noted that Weil was a former, not current, shareholder of the corporation. Id. Despite this, the court allowed the requested discovery based on a finding of waiver. Id. at 25. See also United States v. Jicarilla Apache Nation, 131 S.Ct. 2313, 2322-23, 2326 (holding that the fiduciary exception to the attorney-client privilege did not apply to the federal government as nominal “trustee” for the Jicarilla Apache Nation because the government did not act in an actual trustee role with respect to the management of funds for the tribe and the tribe was not the “real client” of the government); Opus Corp. v. IBM Corp., 956 F. Supp. 1503, 1509-11 (D. Minn. 1996) (rejecting application of the Garner doctrine to prevent a general partner from invoking the attorney-client privilege to protect disclosure of communications to other partners); Shirvani v. Capital Inv. Corp., 112 F.R.D. 389, 390-91 (D. Conn. 1986) (rejecting the Garner doctrine in action brought directly against the corporation by shareholders).

Some courts have extended the Garner doctrine to situations outside of the shareholder/corporate client context to include other fiduciary relationships. For example, in In re Baldwin-United Corp., 38 B.R. 802, 805 (Bankr. S.D. Ohio 1984), the court held that a creditor’s committee, in its fiduciary capacity, ought to “go about [its] duties without obscuring [its] reasons from the legitimate inquiries of [the] beneficiaries.” The court noted that the Garner doctrine provided the best balance between the “creditor’s right to information and the committee’s need for confidentiality” and held that the committee should establish good cause for withholding privileged information from the creditors. Id. See also In re Teleglobe Commc’ns Corp., 493 F.3d 345, 384 (3d Cir. 2007) (predicting that Delaware courts would extend the Garner doctrine to set aside a corporate parent’s assertion of privilege on a showing of good cause where an insolvent subsidiary brought a claim for breach of fiduciary duty against its parent in a bankruptcy proceeding under Delaware law); TattleTale Alarm Sys. Inc. v. Calfee, Halter & Griswold, LLP, No. 2:10-cv-226, 2011 WL 382627, at *10 (S.D. Ohio Feb. 3, 2011) (“[A] thorough review of federal decisions, including the ones which recognize the Garner exception, persuades the Court that Ohio would enforce the attorney-client privilege for [certain loss-prevention communications].”); In re Kipnis Section 3.4 Trust, No. 1 CA-CV 13-0260, 2014 WL 2515207, at *6-7 (Ariz. App. Div. 1 June 3, 2014) (holding that the trustee of a trust has the obligation to disclose to the beneficiary all attorney-client communications that occurred in its fiduciary capacity with respect to the administration of the trust, but not the
communications of the trustee that were obtained for self-protection); NAMA Holdings, LLC v. Greenberg Traurig, LLP, 18 N.Y.S. 3d 1, 7-9 (N.Y. App. Div. Oct. 8, 2015) (noting theory that when a trustee looks for legal advice in executing one’s fiduciary duties, he or she is doing so on behalf of the beneficiaries of the trust and therefore cannot shield one’s actions from the attorney’s actual clients, and remanding to district court for further analysis regarding whether the Garner fiduciary exception applied to communications between a trustee and the trust’s attorney).

In In re MetLife Demutualization Litigation, 495 F. Supp. 2d 310, 314-16 (E.D.N.Y. 2007), rev’d in part by Murray v. Metro. Life Ins. Co., 583 F.3d 173, 177 (2d Cir. 2009) (reversing MetLife court’s disqualification of mutual insurance company’s counsel after holding that policyholders were not counsel’s clients), the court applied Garner to hold that a mutual insurance company’s policyholders could discover communications between the insurance company and its lawyers related to the company’s demutualization, which required the policyholders’ vote. At least one court has rejected the application of the fiduciary exception to insurance policyholders in coverage disputes with their insurance companies. See Liberty Mut. Ins. Co. v. Tedford, Civil Action No. 3:07CV73-A-A, 2009 WL 2425841, at *7 (N.D. Miss. Aug. 6, 2009) (rejecting application of Garner to a communication between an insurer and outside counsel regarding whether a particular claim would receive coverage). But in Dome Petroleum, Ltd. v. Employers Mutual Liability Insurance Co. of Wisconsin, 131 F.R.D. 63, 68-69 (D.N.J. 1990), the court analogized to the Garner doctrine in holding that an insurer could not assert the privilege against the subrogee of the policyholder in an insurance coverage dispute. The court noted, however, that the subrogor’s duty not to interfere with the subrogee’s rights did not rise to the level of a fiduciary obligation, although it did provide the same commonality of interest with which Garner was concerned. Id. at 69. Cf. Lexington Ins. Co. v. Swanson, 240 F.R.D. 662, 666-67 (W.D. Wash. 2007) (finding the subrogee of an insurance claim could directly assert the privilege).

The extension of the Garner doctrine has been particularly noteworthy in the context of pension plans, where courts have extended the doctrine to communications made by attorneys acting as Employee Retirement Income Security Act of 1974 (“ERISA”) fiduciaries. See In re Occidental Petroleum Corp., 217 F.3d 293, 297-98 (5th Cir. 2000) (attorney-client privilege did not preclude employees of a corporation’s former subsidiary, who were participants in employee stock option plan (“ESOP”) funded by corporation’s stock, from discovering relevant corporate documents in ERISA action against corporation alleging breach of fiduciary duty in relation to ESOP); United States v. Mett, 178 F.3d 1058, 1062-66 (9th Cir. 1999) (recognizing generally a fiduciary exception but declining to apply it to memoranda containing legal advice unrelated to plan administration that plan trustees obtained to protect themselves from civil and criminal liability); Wildbur v. ARCO Chem. Co., 974 F.2d 631, 645 (5th Cir. 1992) (stating that “[w]hen an attorney advises a plan administrator or other fiduciary concerning plan administration, the attorney’s clients are the plan beneficiaries for whom the fiduciary acts, not the plan administrator” but declining to find a fiduciary relationship to justify disclosure when communications related to pending lawsuit, not plan administration); Tatum, 247 F.R.D. at 496-97 (applying Garner doctrine to communications between an ERISA administrator and counsel); Smith v. Jefferson Pilot Fin. Ins. Co., 245 F.R.D. 45, 47 (D. Mass. 2007) (fiduciary exception applicable to insurance companies in ERISA suit); Henry v. Champlain Enters., Inc., 212 F.R.D. 73, 83-87 (N.D.N.Y. 2003) (Garner doctrine applied to
ESOP participants’ derivative action against their employers’ officers, directors and shareholders, who also served as plan fiduciaries; Helt v. Metro. Dist. Comm’n, 113 F.R.D. 7, 9-10 (D. Conn. 1986) (Garner doctrine applied where beneficiary of a pension plan sought to discover correspondence between attorneys for the pension plan and the plan’s trustee); Wash.-Balt. Newspaper Guild, Local 35 v. Wash. Star Co., 543 F. Supp. 906, 909-10 (D.D.C. 1982) (recognizing that fiduciary exception could apply to allow beneficiary of a pension plan to discover communications between attorneys for the pension plan and the plan’s trustee).

In In re Long Island Lighting Co., 129 F.3d 268, 272 (2d Cir. 1997), however, the Second Circuit held that the fiduciary exception embodied in the Garner doctrine did not apply to communications between an employer and its counsel regarding amendments to an employee benefits plan, even though counsel was also the plan’s fiduciary under ERISA. While acknowledging that the fiduciary exception applied to communications made by an ERISA fiduciary that are intended to aid an employer in administering its benefits plan, the court concluded that the communications at issue were not related to the fiduciary obligations the attorney owed to the plan beneficiaries. Id. at 272. The court found that the employer did not waive the attorney-client privilege by employing the same attorney to handle both fiduciary and non-fiduciary matters pertaining to its benefits plan. Id. The Third Circuit has not yet decided whether to recognize the fiduciary exception in the ERISA context but has held that insurers who are statutory fiduciaries under ERISA and act as claim administrators may not assert the fiduciary exception. Wachtel v. Health Net. Inc., 482 F.3d 225, 229, 233-34 (3d Cir. 2007). But see Stephan v. Unum Life Ins. Co. of Am., 697 F.3d 917, 931 n.6 (9th Cir. 2012) (rejecting Wachtel and holding that because memoranda between a plan administrator’s claims analyst and its in-house counsel were prepared to advise the analyst how to best interpret the plan, and were communicated to the analyst before any final determination on the employee’s claim had been made, the memoranda pertained to plan administration and fell within the fiduciary exception); Krase v. Life Ins. Co. of N. Am., 962 F. Supp. 2d 1033, 1037 (N.D. Ill. 2013) (applying the fiduciary exception to privileged communications of ERISA administrator after beneficiary filed lawsuit because MetLife was acting as a fiduciary in determining benefits); Moore v. Metro. Life Ins. Co., 799 F. Supp. 2d 1290, 1296-97 (M.D. Ala. 2011) (applying to communications of ERISA administrator occurring after beneficiary filed lawsuit because MetLife was acting as a fiduciary in determining benefits); Thies v. Life Ins. Co. of N. Am., 768 F. Supp. 2d 908, 913 (W.D. Ky. 2011) (in insurance context, applying the fiduciary exception to email sent after denial of plaintiffs’ claim for accidental death benefits but before denial of administrative appeal, even though plaintiffs retained counsel during that time); Buzzanga, 2010 WL 1292162, at *3-4 (applying the fiduciary exception to three documents generated before plaintiff’s claim for accidental death benefits was denied but protecting a document created in response to plaintiff’s appeal after determining that the parties’ interests had diverged due to the prospect of litigation); Allen v.
Honeywell Ret. Earnings Plan, 698 F. Supp. 2d 1197, 1202-03 (D. Ariz. 2010) (extending application of the fiduciary exception through the final administrative denial of retirement plan participants’ ERISA claims and noting that “[i]f the parties’ interests had, in fact, diverged prior to the initial administrative claim” as defendants suggested, defendants “should not have engaged in the administrative process” and “should not have invited an appeal of the initial administrative determination”). Cf. Soc’y of Prof’l Eng’g Emps. in Aerospace v. Boeing Co., No. 05-1251, 2009 WL 3711599, at *4 (D. Kan. Nov. 3, 2009) (holding that the fiduciary exception did not negate privilege when ERISA beneficiaries had already commenced litigation against plan fiduciary for breach of fiduciary duties because “the legal fiction of the trustee as representative of the beneficiaries [was] dispelled”) (internal quotations and citations omitted).

The Restatement favors an expansive application of the Garner doctrine for two reasons. First, the function of the directors and managers of an organization is to advance the interests of the shareholders, members, and beneficiaries, and thus they should not keep information from their constituents. Second, in litigation between the directors and officers and their constituents, the officers have an incentive to place their own interests above those of the organization in deciding whether to waive the privilege. RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 85 cmt. b (2000). The Restatement thus sets out several factors that should be considered in order to invoke the exception in “organizational fiduciary” cases:

1. the extent to which beneficiaries seeking the information have interests that conflict with those of opposing or silent beneficiaries;
2. the substantiality of the beneficiaries’ claim and whether the proceeding was brought for ulterior purpose;
3. the relevance of the communication to the beneficiaries’ claim and the extent to which information it contains is available from nonprivileged sources;
4. whether the beneficiaries’ claim asserts criminal, fraudulent, or similarly illegal acts;
5. whether the communication relates to future conduct of the organization that could be prejudiced;
6. whether the communication concerns the very litigation brought by the beneficiaries;
7. the specificity of the beneficiaries’ request;
8. whether the communication involves trade secrets or other information that has value beyond its character as a client-lawyer communication;
9. the extent to which the court can employ protective orders to guard against abuse if the communication is revealed; and
whether the determination not to waive the privilege made [on] behalf of the organization was by a disinterested group of directors or officers.

Id. § 85 cmt. c.

c. Disclosure Of Special Litigation Committee Reports

Special Litigation Committee ("SLC") reports are likely to be discoverable upon a motion to terminate a derivative action. In Joy v. North, 692 F.2d 880, 893-94 (2d Cir. 1982), the court held that upon a motion to terminate, an SLC must disclose its report and supporting data since the motion to terminate operates as a waiver of the attorney-client privilege.

Similarly, in In re Continental Illinois Securities Litigation, 732 F.2d 1302, 1306-07 (7th Cir. 1984), the trial court had ordered public disclosure of an SLC report upon the motion of several newspapers for access during a hearing on a motion to terminate. The Seventh Circuit declined to adopt a per se rule requiring disclosure of the SLC report upon a corporation’s motion to terminate. Id. at 1316. Instead, the court held that the presumption of public access to information before the court outweighed the corporation’s need for confidentiality. Id. at 1314.

In In re Perrigo Co., 128 F.3d 430, 434 (6th Cir. 1997), the trial court held that a report prepared by an independent director that was protected by both the attorney-client privilege and work product immunity would become a public record if submitted to the court by either party for consideration in connection with the corporation’s motion to dismiss. The Sixth Circuit reversed and held that while the report should be disclosed to other parties to the litigation under a protective order, it was “clear error . . . to direct that simply . . . submitting the Formanek Report [to the court] . . . automatically places it in the public domain.” Id. at 441 (internal quotations omitted). The court explained that the trial court’s order requiring automatic public disclosure left the corporation with the “choice of waiving the protection of the Report or withdrawing its motion to dismiss” and that it would have “the effect of giving the derivative plaintiffs . . . the untrammeled power to waive [the corporation’s protections] in the Report.” Id. at 438-39. However, the court did indicate that there may be some point where the trial court may, after a full hearing on the matter, conclude that public disclosure of the report or certain portions of the report is necessary for limited purposes. Id. at 441.

See also:

Trs. of Police & Fire Ret. Sys. of City of Detroit v. Clapp, No. 08 Civ. 1515(KMK)(GAY), 2010 WL 1253214, at *2 (S.D.N.Y. Mar. 29, 2010). Court granted plaintiffs’ motion to compel discovery in shareholder derivative action after SLC filed a motion for summary judgment. Court concluded that the SLC must produce all supporting data for the report and granted plaintiffs’ motion for depositions of the SLC members.

Ross v. Abercrombie & Fitch Co., Nos. 2:05-cv-0819, 2:05-cv-0848, 2:05-cv-0879, 2:05-cv-0893, 2:05-cv-0913, 2:05-cv-0959, 2010 WL 419947, at *4-5 (S.D. Ohio Jan. 28, 2010). Court ordered Special Litigation Report filed in support of defendant’s motion to dismiss derivative action unsealed following dismissal of derivative action, but while related direct securities actions were pending. Court concluded that even if there might have been some incidental harm to defendant, “it [was] not of sufficient weight to overcome the public interest in disclosure.”
In re Dayco Corp. Derivative Sec. Litig., 99 F.R.D. 616, 619 (S.D. Ohio 1983). Privilege not waived when only portions of the SLC’s findings, which did not summarize evidence found in the report or reveal the facts leading to the conclusions found in the report, and not the SLC report itself, were released to the court and the public.

Abbev v. Computer & Commc’ns Tech. Corp., Civil Action No. 6941, 1983 WL 18005, at *3 (Del. Ch. Apr. 13, 1983). “[P]laintiff will be limited to taking the deposition of the Special Litigation Committee with a view toward establishing just what was done in the course of its investigation, and why. This will include production of the documentary materials utilized or relied upon by the Committee during its investigation.”

Watts v. Des Moines Register & Tribune, 525 F. Supp. 1311, 1329 (S.D. Iowa 1981). Shareholders may discover the bases for the SLC’s conclusions but not why certain factors were or were not considered.

4. Internal Communications With Law Firm In-House Counsel

The attorney-client privilege applies to internal communications with attorneys while they are acting as in-house counsel for their law firm. United States v. Rowe, 96 F.3d 1294, 1296-97 (9th Cir. 1996) (holding that grand jury investigating attorney could not subpoena law firm associates asked by partner to investigate ethical violations by another attorney because associates were acting as in-house counsel); EEOC v. Kelley, Draye & Warren LLP, No. 10 Civ. 655 (LTS) (MHB), 2011 WL 280804, at *2 (S.D.N.Y. Jan. 20, 2011) (holding that an attorney’s memorandum to in-house counsel and to the firm’s executive committee, which offered an explanation contrary to the executive committee’s conclusion, was privileged since it sought a legal opinion from the law firm’s in-house counsel); Nesse v. Pittman, 206 F.R.D. 325, 328 (D.D.C. 2002) (holding that attorney-client privilege protects communications with firm counsel regarding ethics issues surrounding termination of relationship with former client); Hertzog, Calamari & Gleason v. Prudential Ins. Co. of Am., 850 F. Supp. 255, 255-56 (S.D.N.Y. 1994) (holding that “[n]o principled reason appears for denying” privilege for internal communications with firm lawyer “acting as an attorney, rather than as a participant”); Lama Holding Co. v. Shearman & Sterling, No. 89 Civ. 3639 (KTD), 1991 WL 115052, at *1 (S.D.N.Y. June 17, 1991) (upholding privilege for internal communications with firm counsel). See also In re Refco Sec. Litig. (Krys v. Sugrue), 759 F. Supp. 2d 342, 347 (S.D.N.Y. 2011) (law firm not required to produce to former client internal firm emails where malpractice claims were not before the court); EEOC v. BDO USA, LLP, 856 F.3d 356, 361, 365-66 (5th Cir. 2017) (overturning a district court decision that placed the burden on the requesting party to demonstrate that in-house counsel was not acting in a legal capacity and stating that the proper legal standard requires in-house counsel to demonstrate it acted in a legal capacity). In each of these cases, the courts upheld the privilege against claims by third parties who had not been clients of the firm or by former clients whose representation had ended before the communications at issue were made.

A question arises when a firm seeks legal advice from in-house counsel regarding the representation of current clients. Some courts have held that a law firm’s duty as a fiduciary to its client conflicts with its interest in investigating and preventing litigation against it, for example, where a firm seeks its own internal counsel’s advice with regard to whether a current client may have a malpractice or other claim against the firm. The trend in the case law, however, recognizes the importance of enabling lawyers to confer with firm counsel regarding ongoing representation and has upheld attorney-client privilege in these contexts, particularly
when the law firm has taken steps to separate firm counsel’s communications from work being provided to the client.

The decision in In re Sunrise Sec. Litig., 130 F.R.D. 560, 595 (E.D. Pa. 1989), is an example of a case in which the court found that a conflict of interest and refused to apply privilege to communications with firm counsel. In In re Sunrise, the court recognized that the attorney-client privilege could attach to internal communications with firm counsel, but held that where the communications concerned current clients, the assertion of privilege sometimes “creates a prohibited conflict of interest.” Id. The court cited Pennsylvania Rule of Professional Conduct 1.7, which is similar to ABA Model Rule of Professional Conduct 1.7. Model Rule 1.7(a) states that a conflict exists where “(1) the representation of one client will be directly adverse to another client; or (2) there is a significant risk that the representation of one or more clients will be materially limited by the lawyer’s responsibilities to another client, a former client or a third person or by a personal interest of the lawyer.” The court in In re Sunrise reasoned that in-house counsel owed a fiduciary duty both to the firm, as his client, and to the firm’s client, the plaintiff seeking discovery. The court held that the firm could not assert the privilege against its own client when the two duties come into conflict. In re Sunrise, 130 F.R.D. at 597. The court analogized to the line of cases following Garner v. Wolfinbarger, 430 F.2d 1093 (5th Cir. 1970), which created an exception to the attorney-client privilege when an organization is sued by a party to whom it owes a fiduciary duty. See Fiduciary Exception, § 11.3, supra.

Some courts that have addressed the issue have agreed with the approach taken by the court in In re Sunrise.

See:


Koen Book Distrub., Inc. v. Powell, Trachtman, Logan, Carrie, Bowman & Lombardo P.C., 212 F.R.D. 283, 286 (E.D. Pa. 2002) (citing Pennsylvania Rule of Professional Conduct 1.7(b)). Privilege cannot apply because once law firm knew of malpractice claim, it had obligation to withdraw from representation or seek “clients’ consent to continue the representation ‘after full disclosure and consultation.’”

In re SonicBlue Inc., Nos. 03-51775, 03-51776, 03-51777, 03-51778-MM, 2008 WL 170562, at *9 (Bankr. N.D. Cal. Jan. 18, 2008). “[W]here conflicting duties exist, the law firm’s right to claim privilege must give way to the interest in protecting current clients who may be harmed by the conflict.”

The rule in In re Sunrise does not exclude from the privilege all communications with firm counsel. Rather, the rule only applies after the firm learns that a conflict has arisen between its representation of a current client and the firm’s interest in avoiding liability for its professional misconduct. In re Sunrise, 130 F.R.D. at 597 (holding privilege is inapplicable “if the communication implicates or creates a conflict between the law firm’s fiduciary duties to itself and its duties to the client seeking to discover the communication”); accord Asset Funding Group, 2009 WL 1605190, at *2 (“[W]hile a law firm may seek legal advice from its own counsel on ethical issues and such advice is confidential, once the law firm learns that a client may have a claim against a firm or needs client consent in order to commence or continue representation of another client, the firm should disclose its communications on these issues.”).

In response to the approach taken by the courts in In re Sunrise and Asset Funding, significant concerns have been raised by the organized bar and by commentators. The attorney organization DRI – The Voice of the Defense Bar and a number of prominent defense firms drafted an amicus brief in 2009 outlining some of these arguments in support of overturning the Asset Funding decision. Although the brief was never filed because the Fifth Circuit declined to hear the interlocutory appeal, it has since been made public. See Amicus Brief in Support of Appellant, Asset Funding Group, L.L.C. v. Adams & Reese, L.L.P (hereinafter, “Amicus Brief”), attached to Patrick Matusky & Rebecca Lamberth, This is Privileged, Right?: The Scope of the Privilege for Internal Firm Communications (2009), available at https://apps.americanbar.org/buslaw/committees/CL290005pub/materials/20091121.pdf (accessed May 11, 2019). The amici make three principle arguments. First, they argue that procurement of legal advice from other lawyers within the law firm does not automatically create a conflict with the representation of the existing client, because a client benefits from having his attorneys seek advice about their professional obligations. Amicus Brief at 12-13 (citing N.Y. Ethics Op. 789, 2005 WL 3046319, ¶ 4 (Oct. 26, 2005)). Second, the amici argue that any conflict that does exist should not be imputed to the firm’s in-house counsel, because the client will be protected as long as the in-house counsel does not participate in the underlying representation. Id. at 13-18. Finally, the amici argue that In re Sunrise erroneously imported the reasoning of Garner v. Wolfinbarger, which has not been accepted by all courts, and even courts that have adopted Garner have placed limits upon which documents created by the fiduciary are discoverable. Id. at 18-21.

The trend in the case law rejects the In re Sunrise approach, particularly where the law firm has taken steps to separate firm counsel’s communications from the work being provided to the client. See, e.g., Crimson Trace Corp. v. Davis Wright Tremaine LLP, 326 P.3d 1181 (Or. 2014) (en banc); St. Simons Waterfront, LLC v. Hunter, Maclean, Exley & Dunn, P.C., 746 S.E.2d 98 (Ga. 2013); RFF Family Partnership, LP v. Burns & Levinson, LLP, 991 N.E.2d 1066 (Mass. 2013); Garvy v. Seyfarth Shaw LLP, 966 N.E.2d 523, 536-39 (Ill. App. Ct. 2012), appeal denied, 979 N.E.2d 876 (Ill. 2012) (Illinois does not recognize a fiduciary-duty exception to the attorney-client privilege, and, even if recognized under Illinois law, the

In TattleTale, the court rejected the approaches taken by the courts in In re Sunrise and Koen. Plaintiff sought its former firm’s internal “loss prevention” communications made while the firm represented plaintiff. Applying Ohio law, but finding no Ohio precedent, the court canvassed federal precedent. TattleTale, 2011 WL 382627, at *3. In In re Teleglobe Communications Corp., 493 F.3d 345, 368 (3rd Cir. 2007), the Third Circuit held that, where a conflict of interest arises, the proper course of action is for the attorney to end the representation; however, “the black-letter law is that when an attorney (improperly) represents two clients whose interests are adverse, the communications are privileged against each other notwithstanding the lawyer’s misconduct.” Relying on Teleglobe as a starting point, and considering the balance of interests, including the fact that there were other sources of proof available to the plaintiff, the court concluded that Ohio would not carve out an exception to the attorney-client privilege for internal firm “loss prevention” communications under the circumstances presented. TattleTale, 2011 WL 382627, at *8-10.

In RFF Family Partnership, the Massachusetts Supreme Court held, as a matter of first impression, that communications between firm attorneys and in-house counsel regarding malpractice claims asserted by a current client are protected by the attorney-client privilege, provided that (1) the law firm has designated attorneys within the firm to represent the firm as in-house counsel; (2) in-house counsel has not performed any work on the client matter at issue; (3) the time spent by attorneys communicating with in-house counsel is not billed to the client; and (4) the communications with in-house counsel are made in confidence and kept confidential. 991 N.E.2d at 1080-81. The court rejected the theory that communications with in-house counsel are discoverable under the fiduciary exception or the so-called “current client exception.” Id. at 1076, 1078. The Georgia Supreme Court adopted a similar rule in St. Simons Waterfront, LLC v. MacLean Exley & Dunn P.C., 746 S.E.2d 98, 102 (Ga. 2013). The court in St. Simons Waterfront held that communications between a law firm’s attorneys and its in-house counsel are protected by the attorney-client privilege where (1) a genuine attorney-client relationship exists between the firm’s lawyers and in-house counsel; (2) the communications were intended to advance the firm’s interest in limiting exposure to liability rather than the client’s interest in obtaining sound legal representation; (3) the communications were conducted and maintained in confidence; and (4) no exception to the privilege applies.

Similarly, in May 2014, the Oregon Supreme Court reversed the trial court and held, as a matter of first impression, that communications between law firm attorneys and firm in-house counsel regarding actual and potential conflicts of interest with a then-current client were protected by the attorney-client privilege in subsequent malpractice litigation by the client. Crimson Trace Corp. v. Davis Wright Tremaine LLP, 326 P.3d 1181 (Or. 2014) (en banc). The communications with firm in-house counsel met the three elements for privilege under Oregon law: (1) the communications were between a client (the law firm) and the client’s lawyer (firm in-house counsel); (2) the communications were intended to be kept confidential; and (3) the communications were made for the purpose of rendering professional legal services to the client (the law firm). Id. at 1189-91. Further, the communications were
not subject to any recognized exception to the attorney-client privilege under Oregon law. *Id.* at 1191. The Oregon Supreme Court specifically rejected the application of a “fiduciary exception,” noting that it was not one of the five exceptions explicitly enumerated by Oregon’s statutory framework, and explained that it would be error to conflate ethical considerations with the separate issue of the scope of privilege. *Id.* at 1195. *See also* Palmer v. Superior Court, 231 Cal. App. 4th 1214, 180 Cal. Rptr. 3d 620 (Cal. App. 2 Dist. 2014) (rejecting “fiduciary” and “current client” exceptions to the privilege).

In August 2013, the American Bar Association recognized the attorney-client privilege for communications with firm counsel. ABA Resolution 103 articulates the ABA’s policy that the attorney-client privilege applies to communications between corporate personnel and in-house counsel to the same extent as communications with outside counsel. ABA Resolution 103(a) (adopted Aug. 12, 2013), available at http://www.americanbar.org/content/dam/aba/directories/policy/2013_hod_annual_meeting_103.docx (accessed May 11, 2019). Resolution 103 also provides that “any conflict of interest arising out of a law firm’s consultation with its in-house counsel regarding the firm’s representation of a then-current client and a potentially viable claim the client may have against the firm does not create an exception to the attorney-client privilege, at least so long as the client is appropriately and timely informed of the potentially viable claim” and that “any ‘fiduciary exception’ to the attorney-client privilege . . . if recognized in the jurisdiction, should not be applied to otherwise privileged communications between law firm personnel and the firm’s in-house or outside counsel regarding the law firm’s own duties, obligations, and possible liabilities, even if those communications implicate the ongoing representation of a current client.” ABA Resolution 103(b)-(c). The ABA urged all courts, legislatures, and other government bodies to support the principles set forth in Resolution 103.

II. EXTENSIONS OF THE ATTORNEY-CLIENT PRIVILEGE BASED ON COMMON INTEREST

Courts have recognized several extensions of the attorney-client privilege which allow clients and lawyers with common interests to share privileged communications. *See, e.g.*, Haines v. Liggett Grp., Inc., 975 F.2d 81, 90 (3d Cir. 1992) (protection of privilege extended to communications between different persons or separate corporations when the communications are part of an ongoing and joint effort to set up a common defense strategy); In re Bairnco Corp. Sec. Litig., 148 F.R.D. 91, 102 (S.D.N.Y. 1993) (joint-defense privilege is an extension of the attorney-client privilege); Gottlieb v. Wiles, 143 F.R.D. 241 (D. Colo. 1992) (no waiver occurs from exchange of privileged materials between persons with common interest); FDIC v. Cheng, No. 3:90-CV-0353-H, 1992 WL 420877, at *3 (N.D. Tex. Dec. 2, 1992) (joint-defense privilege is an extension of the attorney-client privilege). These common interest extensions do not themselves confer privilege status to any of the communications involved. *See* Bitler Inv. Venture II v. Marathon Ashland Petroleum, No. 1:04-CV-477, 2007 WL 465444, at *3 (N.D. Ind. Feb. 7, 2007) (the common interest doctrine is merely an extension of the attorney-client privilege, and where that privilege would not shield a document from discovery it is of no use to litigants); *see also* SEC, Inc. v. Wyly, No. 10 Civ. 5760 (SAS), 2011 WL 3851129, at *2 (S.D.N.Y. June 17, 2011) (same). Instead, they merely allow communications which are already privileged to be shared between commonly interested parties without causing waiver; the communications themselves must independently satisfy the

Unfortunately, courts have not been consistent in their terminology and many courts apply the terms common interest exception, common defense privilege, or joint-defense privilege to discuss a variety of related but different concepts. Basically, there are two types of sharing that courts often analyze under a common interest analysis:

(1) Sharing between clients represented by the same lawyer: In this outline, the term joint-defense privilege is used for sharing arrangements where several clients share the same attorney. See Joint-Defense Privilege, § II.A, infra.

(2) Sharing between clients represented by separate counsel: In this outline, the term common defense or common interest privilege is used for sharing arrangements between separately represented clients. See Common Interest Doctrine, § II.B, infra. As noted, some courts use the term joint-defense privilege to cover this type of sharing also.

A. JOINT-DEFENSE PRIVILEGE

When two parties are represented by the same attorney, the co-clients may usually share communications with their common lawyer without destroying confidentiality. See United States v. Bay State Ambulance & Hosp. Rental Serv., Inc., 874 F.2d 20, 28-29 (1st Cir. 1989); Waller v. Fin. Corp. of Am., 828 F.2d 579, 583 (9th Cir. 1987); United States v. Keplinger, 776 F.2d 678, 701 (7th Cir. 1985); Gov’t of V.I. v. Joseph, 685 F.2d 857, 861 (3d Cir. 1982). This situation often occurs in criminal trials where co-conspirators or co-defendants utilize the same defense counsel. Under this arrangement, the joint communications remain privileged with respect to the rest of the world, and either client can assert the privilege against a third person. See United Coal Co. v. Powell Constr. Co., 839 F.2d 958, 965 (3d Cir. 1988); JOHN W. STRONG, MCCORMICK ON EVIDENCE § 91 (7th ed. 2016); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 75 (2000). See also:

United States v. Krug, 868 F.3d 82, 87 (2d Cir. 2017). “The mere fact that the communications were among co-defendants who had joined in a joint defense agreement is, without more, insufficient to bring such statements within the attorney-client privilege.”

United States v. Gonzalez, 669 F.3d 974, 979-81 (9th Cir. 2012). Joint-defense privilege applied where there was no written agreement because it could be implied from conduct and situation, where the communications were for the purpose of preparing a joint defense strategy, involved sharing confidential information, and there was a clear understanding that such communications were privileged.

Hanson v. U.S. Agency for Int’l Dev., 372 F.3d 286, 292 (4th Cir. 2004). Joint-defense privilege extended to communications between attorney, defendant and third-party where the defendant and third-
party had a common interest in resolving a dispute on favorable terms and received counsel from the same attorney.

In re Auclair, 961 F.2d 65, 69-70 (5th Cir. 1992). Joint-defense privilege applied to the communications by three individuals (grand jury witness, secretary and her husband) who consulted a single attorney on a matter of common interest with the intention to keep the communications confidential. Court noted that the existence of joint interest will be presumed from a joint pre-representation consultation meeting.

DePuy Orthopaedics, Inc. v. Orthopaedic Hosp., No. 3:12-cv-99-JVB-MGG, 2016 WL 7030400, at *2-4 (N.D. Ind. Dec. 1, 2016). Finding joint representation of two parties by in-house counsel based on mutual consent implied through parties’ conduct, such that their communications with shared counsel were privileged as to the outside world but not as to each other.

Greer v. Elec. Arts, Inc., No. C10-3601 RS (JSC), 2012 WL 299671 (N.D. Cal. Feb. 1, 2012). Joint defense privilege extended between an executive for the defendant and a former defendant that had been dismissed without prejudice; because the claims could have been reasserted, the former defendant shared a common interest with the defendant because they were both vulnerable to related claims.

Opplinger v. United States, Nos. 8:08CV530, 8:08CV530, 2010 WL 503042, at *5 (D. Neb. Feb. 8, 2010). Joint-defense privilege extended to two parties who sought joint counsel, agreed to joint representation, and resolved a potential problem between them through a settlement agreement, even though there was an intrinsic adversity between the clients.

Minebea Co. v. Papst, 228 F.R.D. 13, 15-17 (D.D.C. 2005). Holding that the joint defense agreement applied to communications where “(1) the communications were made in the course of a joint defense effort, (2) the statements were designed to further the effort, and (3) the privilege has not been waived.” Noting that a written agreement is the best evidence of such an agreement, but that an oral agreement was sufficient to invoke the privilege.


United States v. Bicoastal Corp., No. 92-CR-261, 1992 WL 693384 (N.D.N.Y. Sept. 28, 1992). Court refused to require defendant to disclose to the prosecution any facts relating to the existence or scope of a joint-defense agreement. The fact that agreement was in writing did not affect the privilege. Court did, however, analyze the representation to ensure there was not a wrongful conflict of interest in the joint representation.

But see:

United States v. Graf, 610 F.3d 1148, 1157-59 (9th Cir. 2010). Finding that Graf was a functional employee, not an independent outside consultant, and rejecting his claim of entitlement to a jointly held attorney-client privilege with the company’s attorneys.

In re Grand Jury Subpoena, 415 F.3d 333, 341 (4th Cir. 2005). Rejecting former employee’s claim to joint or common defense privilege over conversations with former employer’s counsel where former employee did not enter into a joint defense agreement with former employer and no common litigation interest existed at time of communication.

Opus Corp. v. IBM Corp., 956 F. Supp. 1503, 1507 (D. Minn. 1996). Joint defense privilege did not apply even though same law firm represented both parties during the course of business negotiations because the representation of the parties “frequently had individualized, and substantially diverse, goals.” At no point did the law firm serve the common or mutual interests of the parties. Under the joint defense privilege an attorney’s representation of a limited partnership does not also constitute representation of each partner on an individualized basis.


The joint defense privilege only applies where the parties seek representation for legal purposes; joint consultations with an attorney for business or other purposes are not protected. See In re Grand Jury Proceedings, 156 F.3d 1038, 1042-43 (10th Cir. 1998) (to establish a joint-defense privilege, party asserting privilege must show that: (1) the information arose in the course of a joint-defense effort in (2) the furtherance of that effort); United States v. Aramony, 88 F.3d 1369, 1392 (4th Cir. 1996) (joint defense privilege did not apply when parties consulted with attorney regarding public relations problems caused by criminal allegations); Minebea Co. v. Papst, 228 F.R.D. 13, 15-17 (D.D.C. 2005). Furthermore, the establishment of a joint defense privilege requires the parties to show “[s]ome form of joint strategy . . . rather than merely the impression of one side.” United States v. Weissman, 195 F.3d 96, 100 (2d Cir. 1999). The mere exchange of information is not sufficient. In re Grand Jury Subpoena, 415 F.3d 333, 341 (4th Cir. 2005); Dose, 2005 WL 106493, at *17; see also Wade Williams Distrib., Inc. v. Am. Broad. Cos., No. 00 Civ. 5002(LMM), 2004 WL 1487702, at *1-2 (S.D.N.Y. June 30, 2004) (holding that communications between corporate counsel and employee were not privileged notwithstanding understanding of employee and counsel that counsel also represented employee for purposes of deposition); In re Economou, 362 B.R. 893, 896-97 (Bankr. N.D. Ill. 2007) (where attorney unethically represented two co-defendants with adverse interests at different times, common interest/joint defense doctrine did not apply since the representation was not sought jointly).

The joint defense privilege/common interest doctrine is not an independent basis for privilege, but an exception to the general rule that the attorney-client privilege is waived when privileged information is disclosed to a third party. See, e.g., Cavallaro v. United States, 284 F.3d 236, 250 (1st Cir. 2002); In re Santa Fe Int’l Corp., 272 F.3d 705, 710 (5th Cir. 2001) (noting that the common legal interest privilege is an “extension” of the attorney-client privilege).

Documenting a joint defense arrangement increases the parties’ ability to meet their burden of proving that they were acting jointly, but a writing is not necessary, and the mere existence of a written agreement will not, on its own, establish the necessary joint interest. See, e.g., United States v. Weissman, 195 F.3d 96, 96-99 (2d Cir. 1999) (trial court did not abuse its discretion in finding lack of agreement to pursue joint legal strategy where notes taken at joint meeting did not mention the existence of such an agreement); United States v. Moss, 9 F.3d 543, 550 (6th Cir. 1993) (no joint defense privilege where defendants did not establish an
ongoing and joint effort to set up a common defense strategy); In re Village at Lakeridge LLC, Nos. NV-12-1456-PaKiTa, NV-12-1474-PaKiTa, 2013 WL 1397447, at *12 (B.A.P. 9th Cir. Apr. 5, 2013) (parties must expressly or implicitly agree to a joint legal strategy, whether in writing or otherwise); Jansson v. Stamford Health, Inc., 312 F. Supp. 3d 289, 304 (D. Conn. 2018) (common interest rule did not apply where parties did not submit a written agreement or otherwise show a “meeting of the minds,” which “requires, at the very least, affidavits from the attorneys and lay representatives of both . . . parties which show that at a specific time or times, ‘a joint defense or strategy has been decided upon and undertaken by the parties and their respective counsel’”) (citation omitted); Prowess, Inc. v. Raysearch Laboratories AB, No. WDQ-11-1357, 2013 WL 509021, at *5 (D. Md. Feb. 11, 2013) (no common interest doctrine protection where a common interest agreement was not signed until after the communications occurred, and the agreement did not state when the common interest arrangement began); Holmes v. Collection Bureau of Am., Ltd., No. C 09-02549 WHA, 2010 WL 143484, at *3 (N.D. Cal. Jan. 8, 2010) (observing that no written agreement is required to invoke the joint-defense exception); Ludwig v. Pilington North America, Inc., No. 03 C 1086, 2004 WL 1898238, at *3-4 (N.D. Ill. Aug. 13, 2004) (where there was no evidence of an earlier informal agreement or oral understanding, joint defense privilege did not arise prior to date of signed agreement). For a sample joint/common defense agreement, see Appendix A.

1. **Waiver By Consent**

   The parties to a joint-defense arrangement can voluntarily waive the privilege through consent. Each client may waive the privilege as to his or her own communications with the lawyer, but the privilege for joint communications must be waived by all clients. United States v. Gonzalez, 669 F.3d 974, 982 (9th Cir. 2012) (one party cannot unilaterally waive the privilege for other holders); In re Teleglobe Commc’ns Corp., 493 F.3d 345 (3d Cir. 2007); In re Auclair, 961 F.2d 65 (5th Cir. 1992); In re Grand Jury Subpoenas, 89-3 & 89-4, John Doe 89-129, 902 F.2d 244 (4th Cir. 1990); Magnetar Techs. Corp. v. Six Flags Theme Park Inc., 886 F. Supp. 2d 466, 485-86 (D. Del. 2012) (waiver of joint privilege requires the consent of all clients, and a client can unilaterally waive the privilege only when the communication only concerns the waiving client); In re Crescent Res., LLC, 457 B.R. 506 (Bankr. W.D. Tex. 2011) (one client may not unilaterally waive the joint-client privilege and use that jointly privileged information in a proceeding against third parties, absent waiver from the other client); Restatement (Third) of the Law Governing Lawyers § 75 cmt. e (2000); 8 John H. Wigmore, Evidence § 2328 (J. McNaughton rev. 1961).

2. **Waiver By Subsequent Litigation**

   The joint-defense privilege is waived in subsequent litigation between the co-clients. Massachusetts Eye & Ear Infirmary v. QLT Phototherapeutics, Inc., 412 F.3d 215 (1st Cir. 2005); In re Grand Jury Subpoena, 274 F.3d 563 (1st Cir. 2001); In re Tri-River Trading, LLC, 329 B.R. 252, 269-70 (B.A.P. 8th Cir. 2005); Magnetar Techs. Corp. v. Six Flags Theme Park Inc., 886 F. Supp. 2d 466, 485 (D. Del. 2012) (a joint representation terminates when the parties have diverged and there is no justification for using common attorneys); John W. Strong, McCormick On Evidence § 91 (7th ed. 2016); John H. Wigmore, Evidence § 2312, at 603-04 (J. McNaughton rev. 1961); see also Newsome v. Lawson, 286 F. Supp. 3d 657, 664 (D. Del. 2017) (in lawsuit between former joint client and former joint counsel, former joint
counsel may not withhold privileged communications from the joint representation, even if the other former joint client is a non-party and refuses to consent to the disclosure; In re Ginn-La St. Lucie Ltd., 439 B.R. 801 (Bankr. S.D. Fla. 2010) (disregarding a joint-defense agreement between debtors and non-debtor affiliates stating that information shared pursuant to the agreement would remain privileged even if an adversity of interest subsequently arose).

However, the resulting waiver is only a selective waiver since the communications remain privileged with respect to third parties. As a result, in inter-client litigation each client can reveal the joint communications against the other, but a third party cannot obtain access to the communications at all. See Restatement (Third) of the Law Governing Lawyers § 75 (2000). To invoke this selective waiver, there must be actual adversarial litigation to end the co-client relationship. See State v. Cascone, 487 A.2d 186, 189 (Conn. 1985). A mere change in one co-client’s position will not constitute subsequent litigation. See People v. Abair, 228 P.2d 336, 340 (Cal. Ct. App. 1951) (turning state’s witness does not waive privilege); Restatement (Third) of the Law Governing Lawyers § 75 cmt. d (2000).

3. In re Teleglobe

The Third Circuit’s decision in In re Teleglobe Communications Corp., 493 F.3d 345 (3d Cir. 2007), addresses a number of issues relating to joint privileges among a parent and its subsidiaries. The court’s analysis provides a detailed road map for corporate counsel in connection with a number of thorny joint-client, common interest, and community-of-interest privilege issues. In late 2000, BCE directed its wholly owned subsidiary, Teleglobe, to borrow $2.4 billion, but in early April 2001 ceased funding Teleglobe, leaving the company without the means to repay its substantial debt. Teleglobe and several of its subsidiaries filed for bankruptcy protection and brought an adversary proceeding against BCE. Pre-bankruptcy, Teleglobe had consulted with BCE’s in-house attorneys on various matters. In the adversary proceeding, Teleglobe sought discovery of BCE’s counsel’s files, and BCE asserted privilege. The special master ordered that all documents disclosed to in-house counsel, even documents provided by outside counsel hired only to represent BCE, be produced, and the district court affirmed. The appellate court reversed in part and remanded the case, holding that the district court could only compel BCE to produce disputed documents pursuant to the adverse-litigation exception to the co-client privilege if it found that BCE and the debtors were jointly represented by the same attorneys on a matter of common interest that is the subject-matter of those documents. 493 F.3d at 386-87; Cf. United States v. Gonzalez, 669 F.3d 974 (9th Cir. 2012) (finding In re Teleglobe Commc’ns Corp. to be inapposite where the two defendants were not co-clients with the same counsel, and when they were not adverse parties in the instant habeas litigation). The court provided the following guidance:

(1) When in-house counsel represents both the parent and a subsidiary, the privilege is governed by the joint defense/co-client doctrine, not the common interest doctrine. When co-clients become adversaries, the majority rule is that all communications made in the course of the joint representation are discoverable. The court predicted that the Delaware courts would apply the adverse litigation exception to render joint-privileged documents discoverable in all situations, even where one co-client is wholly owned by the other. Teleglobe, 493 F.3d at 364-68.
Despite imprecise application by the courts, the community-of-interest/common interest privilege applies only to communications between attorneys who separately represent different clients, but who share a common legal interest in the shared communication. It does not apply where clients are jointly represented by a shared attorney. Teleglobe, 493 F.3d at 365-66.

Courts often find that information sharing within a corporate family does not waive the attorney-client privilege, but they diverge on how they reach this result. The court warned that if the rationale is that a corporate family constitutes one client, or that there is a community of interest, a former subsidiary could access all of its former parent’s privileged communications in litigation in which they are adverse. The better rationale is that members of a corporate family are joint clients, and only communications involving specific representations are at risk. Id. at 372.

When the interests of a parent and subsidiary begin to become adverse, any joint representation on the adverse matter should end, both to prevent the subsidiary from being able to invade the parent’s privilege in any litigation that ensues, and to protect the interests of the subsidiary. This does not mean, however, that the parent’s in-house counsel must cease representing the subsidiary on all other matters, because spin-off transactions can be in the works for months or even years, and continuing to share representation on other matters is both proper and efficient. Id. at 373. The court summarized its guidance for in-house counsel: “By taking care not to begin joint representations except when necessary, to limit the scope of joint representations, and seasonably to separate counsel on matters in which subsidiaries are adverse to the parent, in-house counsel can maintain sufficient control over the parent’s privileged communications.” Id. at 374.

B. COMMON INTEREST DOCTRINE

Most courts have been willing to expand the rationale of the joint-defense doctrine to include situations in which the clients are pursuing a common interest but do not share the same attorney. See, e.g., Haines v. Liggett Grp., Inc., 975 F.2d 81, 90 (3d Cir. 1992) (protection of privilege extended to communications between different persons or separate corporations when the communications are part of an on-going and joint effort to set up a common defense strategy); In re Grand Jury Subpoenas 89-3 & 89-4, 902 F.2d 244 (4th Cir. 1990) (noting expansion from criminal co-defendants to other areas). See also United States v. Henke, 222 F.3d 633, 637 (9th Cir. 2000) (recognizing the common defense extension to the attorney-client privilege but disqualifying attorney because of conflict arising from same); United States v. Schwimmer, 892 F.2d 237, 244 (2d Cir. 1989) (upholding privilege as to communications between defendant and co-defendant’s accountant); United States v Melvin, 650 F.2d 641, 645-46 (5th Cir. 1981) (recognizing sharing arrangement but finding it inapplicable to the facts); United States v. McPartlin, 595 F.2d 1321 (7th Cir. 1979); Kilopass Tech. Inc. v. Sidense Corp., No. C 10-02066, 2012 WL 1144290, at *5 (N.D. Cal. Apr. 4, 2012) (the doctrine applies where allied lawyers and clients work together in prosecuting or defending a lawsuit); Roosevelt Irrigation Dist. v. Salt River Project Agric. Improvement & Power Dist., 810 F. Supp. 2d 929, 962 (D. Ariz. 2011) (an attorney may owe a duty of confidentiality to his client’s former co-defendant via a joint defense agreement); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 76 (2000); UNIF. R. EVID. 502(b) (explicitly recognizing common
defense extension to attorney-client privilege). Compare Chesapeake Bay Found. v. U.S. Army Corps of Engineers, 722 F. Supp. 2d 66, 74 (D.D.C. 2010) (holding that the attorney-client common interest privilege applies only where the same attorney represents both of the clients), with Hoffmann-La Roche, Inc. v. Roxane Lab., Inc., No. 09-6335 (WJM), 2011 WL 1792791 (D.N.J. May 11, 2011) (refusing to apply the common interest doctrine because there was only a single attorney).

Courts have used a variety of terms for these types of pooling/sharing arrangements including common interest privilege, common defense privilege and even joint-defense privilege. Litigation need not be anticipated by the parties in order for them to claim a common interest; they need only “undertake a joint effort with respect to a common legal interest.” United States v. BDO Seidman, LLP, 492 F.3d 806, 815-16 & n.6 (7th Cir. 2007) (collecting authorities). However, at least one Circuit requires that the parties claiming common defense or common interest protection be under a “palpable threat of litigation” at the time of the communications. See In re Santa Fe Int’l Corp., 272 F.3d 705, 711 (5th Cir. 2001). See also Allied Irish Banks, P.L.C. v. Bank of Am., N.A., 252 F.R.D. 163, 171 (S.D.N.Y. 2008) (requiring common interest as to “pending or reasonably anticipated litigation”).

To apply the privilege to specific communications, the parties must show that the communications furthered the joint defense effort or joint legal interest. See, e.g., In re Pac. Pictures Corp. v. Dist. Court, 679 F.3d 1121, 1129 (9th Cir. 2012) (shared desire to see the same outcome in a legal matter not enough for common interest, where there is no proof that the parties are pursuing a “joint strategy” in accordance with some form of agreement); Haines v. Liggett Grp., Inc., 975 F.2d 81, 94 (2d Cir. 1992) (party must show “(1) the communications were made in the course of a joint defense effort, (2) the statements were designed to further the effort and (3) the privilege has not been waived”); United States v. Schwimmer, 892 F.2d 237, 244 (2d Cir. 1989); In re Bevill, Bresler & Schulman Asset Mgmt. Corp., 805 F.2d 120, 126 (3d Cir. 1986); United States v. McPartlin, 595 F.2d 1321 (7th Cir. 1979); In re Vill. at Lakeridge, LLC, BAP Nos. 12-1456, 12-1474, 2013 WL 1397447, at *12 (B.A.P. 9th Cir. Apr. 5, 2013) (parties must agree to participate in a joint legal strategy, whether in writing or otherwise). The key requirement for a common defense arrangement is that the clients share a common interest that is legal in nature and work together actively to pursue that interest. See Prowess, Inc. v. Raysearch Labs. AB, No. WDQ-11-1357, 2013 WL 509021, at *5 (D. Md. Feb. 11, 2013) (no common interest doctrine protection where the agreement was not signed until after the communications occurred and did not state when the common interest arrangement began); MobileMedia Ideas LLC v. Apple Inc., 890 F. Supp. 2d 508, 515 (D. Del. 2012) (an oral agreement later memorialized in writing can establish the basis of a common interest agreement); Am. Mgmt. Servs., LLC v. Dep’t of the Army, No. 1:11cv442, 2012 WL 215046, at *13 (E.D. Va. Jan. 23, 2012) (while the Army was not a named party in a related state action, it was a 49% owner of one of the plaintiffs and was an interested party sufficient for the common interest doctrine to apply); N. River Ins. Co. v. Columbia Cas. Co., No. 90 Civ. 2518, 1995 WL 5792, at *4 (S.D.N.Y. Jan. 5, 1995) (the key to the common defense exception is not “whether the parties theoretically share similar interests but rather whether they demonstrate actual cooperation toward a common legal goal”); In re Leslie Controls, 437 B.R. 493 (Bankr. D. Del. 2010) (finding a common interest even where parties’ legal interests are not entirely congruent, so long as the communications are limited to issues where their legal interests are common); Gus Consulting GMBH v. Chadbourne & Parke, LLP, 858 N.Y.S.2d 591, 593 (N.Y.
Sup. Ct. 2008) (adopting a broad standard for application of the common interest doctrine that requires only an interlocking relationship or a limited common purpose necessitating disclosure to certain parties).

Business or commercial common interests will not support the privilege. See In re John Doe Corp., 675 F.2d 482, 489 (2d Cir. 1982) (disclosure for commercial purposes is inconsistent with legal representation purpose); Fox News Network, LLC v. U.S. Dep’t of the Treasury, 739 F. Supp. 2d 515, 563 (S.D.N.Y. 2010) (while the common legal interest can exist in a non-litigation setting, it must not merely be a common commercial interest); Beyond Sys. v. Kraft Foods, Inc., No. PJM-08-409, 2010 WL 1568480, at *3 (D. Md. Aug. 4, 2010) (finding no common interest privilege when the evidence merely showed a joint business strategy that included concerns about litigation); Bank Brussels Lambert v. Credit Lyonnaise, 160 F.R.D. 437, 447 (S.D.N.Y 1995) (common defense doctrine “does not encompass a joint business strategy which happens to include as one of its elements concern about litigation”); see also Titan Inv. Fund II, LP v. Freedom Mtg. Corp., C.A., No. 09C-10-259 WCC, 2011 WL 532011 (Del. Super. Ct. Feb. 2, 2011) (Delaware common interest doctrine does not extend to communications that further solely a business purpose rather than a common legal strategy). But see United States v. BDO Seidman, LLP, 492 F.3d 806 (7th Cir. 2007) (business venturers with mutual interests in complying with federal law could share legal communications regarding new IRS regulations); Hunton & Williams, LLP v. U.S. Dep’t of Justice, No. 3:06CV477, 2008 WL 906783 (E.D. Va. Mar. 31, 2008), vacated in part on other grounds, 590 F.3d 272 (4th Cir. 2010) (DOJ and private third party entered into valid common interest agreement where both parties had a common legal interest, even if third party also had a business interest at stake); Fresenius Med. Care Holdings, Inc. v. Roxane Labs., No. 2:05 -cv-0889, 2007 WL 895059, at *2 (S.D. Ohio Mar. 21, 2007) (patent holder and patent purchaser shared a common interest in obtaining a strong and enforceable patent).

See also:

Hunton & Williams v. U.S. Dep’t of Justice, 590 F.3d 272, 284-85 (4th Cir. 2010). While a common interest agreement may be inferred when two parties are collaborating prior to litigation, mere “indicia” of joint strategy are insufficient to demonstrate that a common interest agreement has been formed.

In re Santa Fe Int’l Corp., 272 F.3d 705, 712 (5th Cir. 2001). Common interest privilege applies (1) to co-defendants in actual litigation and (2) to potential co-defendants in anticipated litigation.

United States v. Stotts, 870 F.2d 288 (5th Cir. 1989). Statements made to co-defendant’s attorney are privileged if they concern common issues and are intended to facilitate representation.

United States v. Zolin, 809 F.2d 1411, 1417 (9th Cir. 1987), vacated in part on other grounds, 842 F.2d 1135 (9th Cir. 1988) (en banc), aff’d in part and vacated in part on other grounds, 491 U.S. 554 (1989). Even where non-party is privy to information, has never been sued on the matter of common interest, and faces no immediate liability, non-party can still be found to have a common interest to invoke the privilege.

and indemnification agreements: “legal issues do not lose their legal characteristics merely because they arise in the context of a business transaction.”


United States v. Duke Energy Corp., 214 F.R.D. 383, 387 (M.D.N.C. 2003). “[P]ersons who share a common interest in litigation should be able to communicate with their respective attorneys and with each other to more effectively prosecute or defend their claims.”

Decisions in which common interest doctrine was found applicable:

Schaeffler v. United States, 806 F.3d 34, 41-43 (2d Cir. 2015). The interest of a consortium of banks in taxpayer obtaining favorable tax treatment for refinancing and restructuring transaction was found to be a sufficient common legal interest for application of common-interest exception to attorney-client privilege. The court held that a financial interest of a party, no matter how large, did not preclude a court from finding a shared legal interest, as required for the application of the common-interest exception, where the legal aspects materially affect the financial interests.

In re Grand Jury Subpoenas 89-3 & 89-4, 902 F.2d 244, 249 (4th Cir. 1990). Using the reasoning of Schwimmer to apply common-defense doctrine to an information pooling arrangement.

Waller v. Fin. Corp. of Am., 828 F.2d 579, 583 (9th Cir. 1987). Communications by client to his own lawyer remain privileged when the lawyer subsequently shares the information with co-defendants for the purpose of a common defense.


EEOC v. DiMare Ruskin, Inc., No. 2:11-cv-158-FtM-99SPC, 2012 U.S. Dist. LEXIS 24951 (M.D. Fla. Feb. 15, 2012). When the EEOC brings a suit on behalf of a victim of discrimination, it stands in the role of attorney; the EEOC and the victims here shared a common interest in the litigation against the employer. The presence of the EEOC did not destroy the confidential nature of the victims’ communications with their attorneys.

Kimberly-Clark Worldwide, Inc. v. First Quality Baby Prods., LLC, No. 09-C-0916, 2011 WL 5828039, at *8 (E.D. Wis. Nov. 18, 2011). While not dispositive, the written agreement between defendant and its supplier that the sharing of privileged information would not constitute waiver suggested that the two companies had a common legal interest.

Argenyi v. Creighton Univ., No. 09CV341, 2011 WL 3497489 (D. Neb. Aug. 10, 2011). The common interest doctrine protected communications between the plaintiff and the government, but only after the
government informed the defendant that it had decided to conduct an investigation of plaintiff’s allegations.

Pampered Chef v. Alexanian, 737 F. Supp. 2d 958, 962 (N.D. Ill. 2010). Where a client communicates with his attorney in the presence of a third person who shares a common legal interest, the attorney-client privilege is not waived as to the information that is exchanged.

Trs. of Elec. Workers Local No. 26 Pension Trust Fund v. Trust Fund Advisors, Inc., 266 F.R.D. 1, 15 (D.D.C. 2010). The court applied the common interest doctrine to determine there was no waiver of the privilege when an attorney shared a legal communication with trustees of two separate pension plans that were engaged in litigation against a common adversary.


Dura Global Techs., Inc. v. Magna Donnelly Corp., No. 07-CV-10945-DT, 2008 WL 2217682, at *3 (E.D. Mich. May 27, 2008). Common interest extension of attorney client privilege prevented waiver when patent opinion letters were shown to a third party in the context of an offer to sell the patented product and where the letters, which were sent between counsel and not non-attorneys, stated that they were subject to a joint privilege, requested prior notice for any disclosure, and were written predominantly for a common legal purpose rather than a common commercial purpose.

Miller v. Holzmann, 240 F.R.D. 20 (D.D.C. 2007). Documents provided to government by attorney for a relator in a qui tam action were privileged, because, at the time of the disclosure, the government and the relator shared a common interest in prosecuting the action.

Dexia Credit Local v. Rogan, 231 F.R.D. 268, 274 (N.D. Ill. 2004). The court applied the common interest doctrine to find no waiver when a debtor shared documents with a creditor, because both had the common legal goal of establishing that the defendant engaged in fraud.

Major League Baseball Props., Inc. v. Salvino, Inc., No. 00 Civ. 2855 JCF, 2003 WL 21983801, at *1 (S.D.N.Y. Aug. 20, 2003). Common interest rule applied to communications between major league clubs and corporate entity they had established to register and enforce the intellectual property rights of the clubs.

United States v. Ill. Power Co., No. 99-cv-0833-MJR, 2003 WL 25593221, at *4 (S.D. Ill. Apr. 24, 2003). Court held that privilege had not been waived where representatives of various companies within single industry met with industry lobbyist to discuss EPA interpretation of a regulation. Confidentiality was not destroyed because companies shared a common interest in current and potential litigation.


Tobaccoville USA, Inc. v. McMaster, 692 S.E.2d 526, 531 (S.C. 2010). The South Carolina Supreme Court, having never previously determined the applicability of the common interest doctrine, adopted the doctrine for the narrow factual scenario where several states are parties to a settlement agreement, the state laws that regulate and enforce that settlement all have the same provisions, the attorneys general of those settling states are involved in coordinating regulation and enforcement, and the settling states have executed a common interest agreement.
Decisions in which common interest doctrine was found inapplicable:

In re Pac. Pictures Corp., 679 F.3d 1121, 1129 (9th Cir. 2012). A shared desire to see the same outcome in a legal matter did not constitute a common interest. There was no proof that the parties were pursuing a “joint strategy” in accordance with some form of agreement.

In re Grand Jury Subpoena Duces Tecum, 112 F.3d 910, 922-23 (8th Cir. 1997). First Lady’s conversations with her private attorney and attorneys from the Office of Counsel to the President were not protected by the common-interest doctrine. Although Mrs. Clinton may have had a reasonable belief that her conversations were privileged, the attorney-client privilege did not attach because the White House, as an institution, did not share a common interest with Mrs. Clinton, an individual official being investigated for wrongdoing by the Office of Independent Counsel.

Egiazayan v. Zalmayev, 290 F.R.D. 421, 434 (S.D.N.Y. 2013). Common interest rule applies where there is dual representation or where parties are represented by separate counsel but share a joint defense or strategy. Exception did not apply to communications shared with public relations firm acting as politician’s agent where the firm was not a party to pending litigation against politician and had no need to develop a common litigation strategy to defend those lawsuits.

King Drug Co. v. Cephalon, Inc., No. 06-cv-1797, 2011 WL 2623306, at *4-5 (E.D. Pa. July 5, 2011). Despite a joint-defense agreement between the defendant and its supplier, the common interest doctrine did not apply because, while the supplier paid for part of the defendant’s litigation costs, the defendant controlled the litigation and had very little contact with the supplier regarding the litigation.

In re Vitamin C Antitrust Litig., No. MD 06-1738(BMC)(JO), 2011 WL 197583, at *5 (E.D.N.Y. Jan. 20, 2011). The court refused to apply the common interest doctrine because it found no shared legal interest. Although the company and the agency wanted the same legal outcome, the litigation did not have a legal consequence for the agency.

Denney v. Jenkens & Gilchrist, 362 F. Supp. 2d 407, 415-16 (S.D.N.Y. 2004). Common defense privilege does not extend to any situation where parties’ interests are aligned. Where the parties could not show a cooperative and common legal strategy, there was no privilege for communications disclosed to each other.

Ludwig v. Pilkington N. Am. Inc., No. C 1086, 2004 WL 1898238, at *3-4 (ND. Ill. Aug. 13, 2004). Parties may memorialize their common interest in a written agreement, but a formal written agreement is not required to invoke the privilege. Here the court ordered production of documents not covered by formal agreements, but did so because the evidence did not show any intent to cooperate between the parties with respect to communications not within the agreements.

United States v. Agnello, 135 F. Supp. 2d 380, 382 (E.D.N.Y. 2001). Observing that joint defense privilege does not apply outside of common enterprise and holding that statements made at general meeting of defendants were not privileged.

Tribune Co. v. Purcigliotti, No. 93 Civ. 7222, 1997 WL 540810, at *3 (S.D.N.Y. Sept. 3, 1997). Standstill tolling agreement entered into by parties to a joint defense agreement was not privileged. “The mere assertion that the standstill agreement [was] part of a joint defense agreement . . . fails to establish the basis for any privilege. . . . If anything, the standstill agreement relate[d] to potential interests [between the parties] that [were] adverse, not common.”

Citizens Commc’ns Co. v. Attorney General, 931 A.2d 503 (Me. 2007). Attorney-client privilege did not protect draft copies of a settlement agreement exchanged between adverse parties because although the three parties negotiating a settlement shared an interest in arriving at an agreement, they did not share a common legal interest with respect to the communications.
Mt. McKinley Ins. Co. v. Corning Inc., No. 602454/2002, 2009 WL 6978591 (N.Y. Sup. Ct. Dec. 4, 2009). Even if the three parties involved shared a common legal interest, there was a substantial risk that the parties would revert to adversaries; thus, the parties were precluded from withholding documents on the basis of the common interest privilege.

Friday Investments, LLC v. Bally Total Fitness of the Mid-Atlantic, Inc., 788 S.E.2d 170, 178-79 (N.C. Ct. App. 2016). Common-interest doctrine did not apply to communications between former tenant and successor tenant where parties shared a common business interest as opposed to a common legal interest.

Some courts adopting the broad view of the shared interest allow parties with adverse interests to share the common interest privilege. See Eisenberg, 766 F.2d at 787-88; William F. Shea, LLC v. Bonutti Research, Inc., No. 10-615, 2013 WL 1386005, at *3 (S.D. Ohio Apr. 4, 2013) (common interest doctrine applies, even where parties are in conflict on some points, so long as the privileged communications deal with a matter on which parties have agreed to work toward a mutually beneficial goal); Static Control Components, Inc., v. Lexmark Int’l, 250 F.R.D. 575 (D. Colo. 2007) (some adversity between parties permissible when invoking common defense privilege); Cadillac Ins. Co. v. Am. Nat’l Bank, Nos. 89 C 3267 & 91 C 1188, 1992 WL 58786 (N.D. Ill. Mar. 12, 1992) (privilege is not limited to parties who are perfectly aligned on the same side of a single litigation); Hewlett Packard Co. v. Bausch & Lomb, Inc., 115 F.R.D. 308, 309-12 (N.D. Cal. 1987) (common interest privilege applied to disclosure of legal opinion to prospective purchaser); Seahaus La Jolla Owners Ass’n v. Superior Court, 169 Cal. Rptr. 3d 390, 406 (Cal. Ct. App. 2014) (homeowners association and its counsel, and the individual homeowners who participated in the litigation meetings, maintained a reasonable expectation that information to be disclosed about the status of the litigation was confidential in nature and the presence of some homeowners who may have had conflicting loyalties – affiliations with the defendants – did not destroy all other common interests); Visual Scene, Inc. v. Pilkington Bros., 508 So. 2d 437, 442-43 (Fla. Dist. Ct. App. 1987) (matters of common interest are protected notwithstanding that, in some other respect, the parties are adversaries and on opposite sides of the litigation).

The common defense doctrine is not limited to cases where the shared information relates to pending litigation. See United States v. Schwimmer, 892 F.2d 237, 244 (2d Cir. 1989); United States v. AT&T, 642 F.2d 1285, 1299-1300 (D.C. Cir. 1980) (parties have strong enough common interests to share trial preparation materials where the parties in the common defense arrangement anticipate litigation against a common adversary on the same issues); Rubloff Dev. Grp., Inc. v. Saint Consulting Grp., Inc., No. 10 C 3917, 2011 WL 2600761 (N.D. Ill. June 30, 2011) (the common interest need not relate to litigation per se, but it must relate to a legal matter); Fox News Network, LLC v. U.S. Dep’t of the Treasury, 739 F. Supp. 2d 515, 563 (S.D.N.Y. 2010) (noting that the common interest doctrine has been invoked when parties pursue joint legal strategies in a non-litigation setting); Cooey v. Strickland, 269 F.R.D. 643 (S.D. Ohio 2010) (it is not necessary that a common legal interest be derived from legal action in order for the common-interest doctrine to apply); Evansville Greenway & Remediation Trust v. S. Ind. Gas & Elec. Co., Inc., No. 3:07-cv-66-DFH-WGH, 2010 WL 779494, at *2 (S.D. Ind. Feb. 26, 2010) (same); United States v. United Techs. Corp., 979 F. Supp. 108, 111-12 (D. Conn. 1997) (common interest privilege applied to documents used to develop a tax strategy for five separate corporations to form a consortium to develop and market aerospace engines); Schachar v. Am. Acad. of Ophthalmology, Inc., 106 F.R.D. 187, 192 (N.D. Ill. 1985) (common interest can include proceedings in different states); In re LTV Sec. Litig., 89 F.R.D. 595, 604 (N.D. Tex. 1981) (disclosure to actual or potential co-defendants or their counsel does not constitute waiver); but see Glynn v. EDO Corp., No. JFM-07-01660, 2010 WL 3294347 (D. Md. Aug. 20, 2010) (finding that plaintiff’s assertion of the common interest privilege over communications that occurred more than six months before litigation was filed and eighteen months before a common defense agreement was executed was in bad faith and awarding sanctions against the plaintiff); Ambac Assurance Corp. v. Countrywide Home Loans, Inc., 57 N.E.3d 30, 37-40 (N.Y. 2016) (declining to expand the common interest doctrine beyond communications related to pending or anticipated litigation).
The privilege applies to any matter of common interest which causes clients to consult lawyers. For example, the common defense privilege also permits plaintiffs to share information (sometimes referred to as the joint prosecution privilege). See In re Grand Jury Subpoenas 89-3 & 89-4, 902 F.2d 244, 249 (4th Cir. 1990) (common interest extension applies “whether the jointly interested persons are defendants or plaintiffs . . . .”); Sedalcek v. Morgan Whitney Trading Grp., Inc., 795 F. Supp. 329, 331 (C.D. Cal. 1992) (recognizing common interest extension applies to plaintiffs). See Appendix A for an example of a common (or joint) defense agreement.

When affiliated companies, such as wholly owned subsidiaries, share privileged materials, some courts find that there has been no waiver because the companies share a common legal interest. See, e.g., Davis v. PMA Cos., No. 11-359, 2012 WL 3922967, at *3 (W.D. Okla. Sept. 7, 2012) (parent and subsidiary should be treated as joint clients for purposes of the attorney-client privilege); Roberts v. Carrier Corp., 107 F.R.D. 678, 686-88 (N.D. Ind. 1985) (sharing of information between sister corporations to defend lawsuit was covered by the common defense extension to attorney-client privilege). However, if a court insists that the companies share identical legal interests, rather than business interests, the common interest doctrine may not apply. See Gulf Island Leasing, Inc. v. Bombardier Capital, Inc., 215 F.R.D. 466, 471-74 (S.D.N.Y. 2003). In Gulf Island, the court rejected the application of the common interest doctrine where two wholly-owned subsidiaries shared otherwise privileged communications. One of the affiliated companies (“Capital”) acted as lender to facilitate the purchase of a private jet from the other affiliated company (“Aerospace”). When Aerospace sued the purchaser for breach of contract, its in-house attorneys communicated with Capital’s in-house counsel and business people to discuss the amounts due on Capital’s loans. While the affiliates shared common business interests, the court found that they did not share identical legal interests:

The mere existence of an affiliate relationship does not excuse a party from demonstrating the applicability of the common interest rule. Having chosen to operate as separate entities – and to obtain whatever advantages inure from so operating – Bombardier Capital and Bombardier Aerospace must be held to their burden of proving the applicability of any privilege in the same manner as two unrelated entities. That burden has not been met in this case.

Id. at 474; see also In re Grand Jury Subpoena 06-1, 274 F. App’x 306 (4th Cir. 2008) (subsidiary cannot automatically claim joint privilege with its parent, but instead bears the burden of demonstrating that the withheld communications pertain to a matter in which both parent and subsidiary share a common legal interest); In re JP Morgan Chase & Co. Sec. Litig., No. 06 C 4674, 2007 WL 2363311, at *5 (N.D. Ill. Aug. 13, 2007) (two companies did not share a common legal interest prior to a merger, and thus only documents shared after the merger were entitled to protection under the common interest doctrine).

When a common defense arrangement has been established, communications from one client, agent, or attorney to another commonly interested client, agent, or attorney are protected under the attorney-client privilege. Haines v. Liggett Grp., Inc., 975 F.2d 81, 90 (3d Cir. 1992) (extension allows clients facing a common litigation opponent to exchange privileged
communications and work product without waiving protection in order to prepare a defense; Weber v. FujiFilm Med. Sys. USA, Inc., No. 3:10cv401 (JBA), 2011 WL 677282, at *2 (D. Conn. Jan. 24, 2011) (communications among corporate employees, although not directly to or from corporate counsel, can be privileged if those communications are made among employees who need to know the content and share the common interest); see also Restatement (Third) of the Law Governing Lawyers § 76 (2000). But see The Regents of the University of California v. Affymetrix, Inc., 326 F.R.D. 275, 281 (S.D. Cal. 2018) (common interest doctrine does not apply unless each party to a common interest arrangement is represented by counsel); Ducker v. Amin, No. 1:12-cv-01596-SEB-DML, 2013 WL 6887970, at *5-6 (S.D. Ind. Dec. 31, 2013) (communications among parties without counsel present were not protected by common interest doctrine); Prowess, Inc. v. Raysearch Labs. AB, Civil Case No. WDQ-11-1357, 2013 WL 509021, at *2-3 (D. Md. Feb. 11, 2013) (communications to non-attorneys may be privileged if the purpose is to facilitate legal services, but the facts did not support this where plaintiff failed to establish that counsel was involved in the communications or that the communications were conducted for the purpose of providing information to counsel); United States v. Gotti, 771 F. Supp. 535, 545-46 (E.D.N.Y. 1991) (common defense protection does not extend to conversations between the defendants themselves in the absence of any attorney); Selby v. O’Dea, 90 N.E.3d 1144, 1158, 1167 (Ill. App. 1st Dist. 2017) (under Illinois law, common interest exception protects from third parties statements made to further parties’ common interest, pursuant to a common interest agreement, where the parties have separate counsel); accord Restatement (Third) of the Law Governing Lawyers § 76 cmt. d (2000). This protection allows a client’s non-testifying experts or auditors to be present without waiving the privilege. See In re Grand Jury Investigation, 918 F.2d 374, 386 n.20 (3d Cir. 1990) (presence of agent or person with common interest does not abrogate privilege); United States v. Schwimmer, 738 F. Supp. 654, 657 (E.D.N.Y. 1990), aff’d, 924 F.2d 443 (2d Cir. 1991) (communications between a client and an accountant hired to further the common defense were protected). However, the sharing arrangement does not itself confer privileged status to any communication; it only permits sharing of already privileged communications without causing waiver. See In re Grand Jury Testimony of Attorney X, 621 F. Supp. 590, 592-93 (E.D.N.Y. 1985) (common defense privilege does not cover information which first lawyer obtained in non-privileged way and then shared with second member).

See also:

United States v. Schwimmer, 892 F.2d 237, 243 (2d Cir. 1989). Client was told by his attorney to cooperate with accountant hired by another attorney for a common defense. Court upheld the privilege for those communications, noting that the joint-defense doctrine and common defense doctrine are blending together.

Waller v. Fin. Corp. of Am., 828 F.2d 579, 583 (9th Cir. 1987). Communications by client to his own lawyer remain privileged when the lawyer subsequently shares the information with co-defendants for the purpose of a common defense.

In a case where parties are pooling information, confidentiality must still be maintained against those outside the common defense arrangement, because disclosure to a single non-privileged member or person outside the pool can constitute waiver of the information discussed in the outsider’s presence. See Restatement (Third) of the Law Governing
LAWYERS § 76 cmt. c (2000). Thus, where parties to a common defense agreement are represented by different counsel, one attorney could void the privilege if a conflict of interest forced her to reveal confidential information about one of her non-clients within the common defense agreement. See, e.g., United States v. Almeida, 341 F.3d 1318, 1323-24 (11th Cir. 2003).

1. Waiver By Consent

The parties to a common defense agreement can waive the privilege voluntarily. Courts are split, however, over who possesses the actual ability to confer such consent. Some courts hold that each pool member retains the power to waive the privilege with respect to that member’s own communications. See, e.g., Great Am. Surplus Lines Ins. Co. v. Ace Oil Co., 120 F.R.D. 533, 536-38 (E.D. Cal. 1988); W. Fuels Ass’n v. Burlington N. R.R. Co., 102 F.R.D. 201, 203 (D. Wyo. 1984); 8 JOHN H. WIGMORE, EVIDENCE § 2328 (J. McNaughton rev. 1961). Likewise, a pool member who did not originate a communication does not have the implied authority to waive the privilege for that communication. See Interfaith Hous. Del., Inc. v. Town of Georgetown, 841 F. Supp. 1393, 1402 (D. Del. 1994) (predicting that the Delaware Supreme Court would hold, in a common defense arrangement, that waiver by one person of information shared in the arrangement does not constitute a waiver by any other party to the communication); 8 JOHN H. WIGMORE, EVIDENCE § 2328 (J. McNaughton rev. 1961). If several members’ communications have been mixed, then all of them must consent for effective waiver unless the non-consenting members’ contributions can be redacted. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 76 cmt. g (2000); 8 JOHN H. WIGMORE, EVIDENCE § 2328 (J. McNaughton rev. 1961).

Other courts require all clients to consent to a waiver. See United States v. Gonzalez, 669 F.3d 974 (9th Cir. 2012) (one party to a joint defense agreement cannot unilaterally waive privilege); In re Grand Jury Subpoenas 89-3 & 89-4, 902 F.2d 244, 249 (4th Cir. 1990) (common defense privilege cannot be waived without the consent of all parties); John Morrell & Co. v. Local Union 304A of United Food & Commercial Workers, 913 F.2d 544, 556 (8th Cir. 1990) (same); In re Jupiter Networks, Inc. Sec. Litig., Nos. C 06-4319 JW (PVT), C 08-00246 JW (PVT), 2009 WL 4644534, at *1 (N.D. Cal. Dec. 9, 2009) (noting same but finding that the attorney-client privilege and its exception did not apply to the communications at issue); Metro Wastewater Reclamation Dist. v. Cont’l Cas. Co., 142 F.R.D. 471, 478 (D. Colo. 1992) (under Colorado law, a waiver requires the consent of all parties participating in the common defense).

2. Waiver By Subsequent Litigation

Subsequent litigation also operates to selectively waive the privilege among the members of the common defense arrangement. See Ohio-Sealy Mattress Mfg. Co. v. Kaplan, 90 F.R.D. 21, 29 (N.D. Ill. 1980); In re Grand Jury Subpoena Duces Tecum Dated Nov. 6, 1974, 406 F. Supp. 381, 393-94 (S.D.N.Y. 1975); Sec. Investor Prot. Corp. v. Straton Oakmont, Inc., 213 B.R. 433, 439 (Bankr. S.D.N.Y. 1997) (subsequent litigation between members of a common defense group operates to waive the common defense privilege to the extent joint information is at issue in new case). When litigation arises, each member can use shared information against the maker unless another arrangement has been made. Sec. Investor
The privilege remains effective against persons not within the common defense arrangement, however. Moreover, in a pooling arrangement there is no duty to share information, and thus information that is not shared as part of the common defense remains privileged even against the pool. *See* RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 76 cmt. e (2000). Similarly, sharing with only certain members of the pool retains the privilege against those members with whom no information was shared. *Id.*

### 3. Extent Of Waiver

When waiver of the common defense information is demonstrated, the waiver normally extends only to the shared information and not to all relevant matters. *See* RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 76 cmt. g (2000). In contrast, waiver under the joint-defense privilege for co-clients normally reveals all relevant matters concerning the same subject matter (discussed in § II.A.3, above).

### C. COMMON INTEREST DOCTRINE AND LITIGATION FUNDING

Litigation funding is the financing of litigation activities by third parties who otherwise have no connection with the litigation. Maya Steinitz, *Whose Claim Is This Anyway? Third-Party Litigation Funding*, 95 Minn. L. Rev. 1268, 1275-76 (2011). Generally, this third party receives a financial stake in the outcome of the case in exchange for funding. *See id.* at 1276. Litigation funding makes it possible for parties to litigate when they otherwise would be unable to do so due to exhaustion of funds. *See id.* Similarly, some parties that can afford to litigate turn to litigation funding to avoid the costs or risks associated with litigation. *See id.*

Courts are split as to whether documents related to the litigation funding relationship are protected by the attorney-client privilege and whether the disclosure of otherwise privileged documents to the litigation funder waives privilege. Some courts hold that litigation funding communications are covered by the attorney-client privilege based on the common interest exception. *See* Devon IT, Inc. v. IBM Corp., No. 10-2899, 2012 WL 4748160, at *1 (E.D. Pa. Sept. 27, 2012) (finding that communications with funders and funding agreement drafts were protected by the attorney-privilege under the common interest exception); *In re Int’l Oil Trading Co., LLC*, 548 B.R. 825, 832-33 (Bankr. S.D. Fla. 2016) (holding that disclosure of privileged information to litigation funders did not lose privileged status because, under Florida law, common interest is applied to the more expansive common enterprise definition, rather than a narrow application that requires a common legal interest). Other courts have held that parties and litigation funders must share a common legal interest and not simply a financial interest. *See* Cohen v. Cohen, No. 09 Civ. 10230 (LAP), 2015 WL 745712, at *3-4 (S.D.N.Y. Jan. 30, 2015) (holding that communications between plaintiff and her litigation funder were not privileged because the two shared a common financial interest in the outcome of the litigation, not a shared legal strategy); *Miller UK Ltd. v. Caterpillar, Inc.*, 17 F. Supp. 3d 711, 733 (N.D. Ill. 2014) (holding that plaintiff waived attorney-client privilege over certain documents it shared with prospective funders because plaintiff sought funders for money, not legal advice or litigation strategies).

Courts that do not extend the attorney-client privilege to documents and communications shared with litigation funders may still find work product protection
applicable. See Common Interest Extension Of Work Product Protection To Litigation Funding, § III.H, infra.

D. INSURANCE COMPANIES AND THE COMMON INTEREST DOCTRINE

The vast majority of insurance disputes that are litigated in federal court are there based on diversity jurisdiction. As a result, the courts generally apply state law to issues of attorney-client privilege pursuant to Federal Rule of Evidence 501. See Choice of Law: Identifying The Applicable Law, § IX.A, infra. There is, therefore, very limited federal common law regarding attorney-client privilege in the insurance context. In the area of insurance, it is important to know what states’ laws may apply before communicating with a policyholder, insurer, or reinsurer. For example, a policyholder in Michigan, which does not generally protect communications between policyholders and insurers, may need to be careful about corresponding with its insurer in Illinois, which does generally protect such communications. Whether a communication is discoverable may depend on whether the discovery request emanates from a court in Michigan or one in Illinois. See generally Urban Outfitters, Inc. v. DPIC Cos., 203 F.R.D. 376 (N.D. Ill. 2001) (court in Illinois confronted conflict between Michigan and Illinois law of privilege, but did not decide issue because privilege, to the extent it existed, had been waived).

Whether the attorney-client privilege will protect a communication between and among policyholders, insurers, reinsurers, and brokers often depends upon whether the common interest doctrine applies to the situation presented. The question, therefore, is often whether the interests of the parties to the communication are sufficiently aligned for the doctrine to apply.

1. Protection Of Insurer/Insured Communications From Third Parties

Where an insured communicates with its insurer for the purpose of establishing a defense, several courts have held that an insured’s communication with its insurer remains privileged, at least where the communication is made for the specific purpose of obtaining legal advice or the provision of counsel. For example, in Linde Thomson Langworthy Kohn & Van Dyke, L.P. v. Resolution Trust Corp., 5 F.3d 1508, 1515 (D.C. Cir. 1993), the Court of Appeals for the District of Columbia held:

An insured may communicate with its insurer for a variety of reasons, many of which have little to do with the pursuit of legal representation or the procurement of legal advice. Certainly, where the insured communicates with the insurer for the express purpose of seeking legal advice with respect to a concrete claim, or for the purpose of aiding an insurer-provided attorney in preparing a specific legal case, the law would exalt form over substance if it were to deny application of the attorney-client privilege.

See also Serrano v. Chesapeake Appalachia, LLC, 298 F.R.D. 271, 282 (W.D. Pa. 2014) (an employer does not waive its attorney-client privilege in attorney’s initial investigation report
through its disclosure to employer’s insurance carrier, where communication related to valuation of strengths and weaknesses of a claim of defense or respecting strategy or tactics, and communication was necessary to procure and provide the representation and advice in a manner necessary to maintain availability of coverage); Alit (No. 1) Ltd. v. Brooks Ins. Agency, No. 10-2403 (FLW), 2012 WL 959332 (D.N.J. Mar. 21, 2012) (the common interest doctrine applies when the documents sought were generated and shared with the reasonable expectation of privacy and when the insurer is paying for insured’s counsel); Enns Pontiac, Buick, & GMC Inc. v. Flores, No. CV-F-07-01043 LJO-BAM, 2011 WL 6181924 (E.D. Cal. Dec. 13, 2011) (when an insurance carrier is defending the underlying lawsuit under a reservation of rights, the insured and its carrier share a common interest; disclosures of privileged information between the two would not waive an existing privilege); Kingsway Fin. Servs. v. PricewaterhouseCoopers LLP, No. 03 Civ. 5560, 2008 WL 4452134 (S.D.N.Y. Oct. 2, 2008) (common interest doctrine applied to communications between defendant and insurer where insurer had only indemnity obligation and no duty to defend); Schipp v. Gen. Motors, Corp., 457 F. Supp. 2d 917, 922-24 (E.D. Ark. 2006) (insured’s recorded statement to insurer on the night of accident, for which insured was clearly at fault and which resulted in the death of two people, was “a step in the process of obtaining legal representation pursuant to the insurance contract” and therefore protected by the attorney-client privilege; summary of same and subsequent insurer investigator’s report, including notes from witness interviews, were protected work product prepared in anticipation of litigation); Goh v. CRE Acquisition, Inc., No. 02 C 4838, 2004 WL 765238, at *3 (N.D. Ill. Apr. 6, 2004) (“To assert a privilege for a communication between an insured and an insurer [under Illinois law], one must establish: (1) the insured’s identity; (2) the insurance carrier’s identity; (3) the insurance carrier’s duty to defend the insured; and (4) that a communication was made between insured and an agent of the insurance carrier.”) (internal citation omitted); Lectrolarm Custom Sys., Inc. v. Pelco Sales, Inc., 212 F.R.D. 567, 572 (E.D. Cal. 2002) (holding common interest doctrine applies to communications between insurer and insured); Am. Special Risk Ins. Co. v. Greyhound Dial Corp., No. 90 Civ. 2066 (RPP), 1995 WL 442151 (S.D.N.Y. July 24, 1995) (holding that because the disclosure of the facts required to show the insured’s potential liability may be necessary to obtain that representation, such communications should be deemed in “pursuit of legal representation” and therefore privileged); but see Camacho v. Nationwide Mut. Ins. Co., 287 F.R.D. 688, 693-94 (N.D. Ga. 2012) (communications between an insurer and joint outside defense counsel, hired to represent the insured, are not privileged in a subsequent bad faith action); Cont’l Cas. Co. v. St. Paul Surplus Lines Ins. Co., 265 F.R.D. 510, 526-27 (E.D. Cal. 2010) (under California law, when a conflict of interest arises between the insured and insurer, the insurer must hire independent counsel for the insured, known as Cumis counsel; communications among a non-defending insurer, its insured, and the insured’s Cumis counsel were not privileged).

Aug. 14, 1998), rev’d in part on other grounds, 250 F.3d 763 (Fed. Cir. 2000) (“An insurer’s contractual obligation to pay its insured’s litigation expenses does not, by itself, create a common interest between the insurer and the insured that is sufficient to warrant application of the common interest rule of the attorney client privilege.”).

Some courts have rejected the extension of a privilege to insurer/insured communications on the additional ground that such communications are made for a business, and not a legal, purpose. See Calabro v. Stone, 225 F.R.D. 96, 98 (E.D.N.Y. 2004) (insured’s recorded message giving notice of claim was not made for purposes of obtaining legal advice); Bovis Lend Lease, LMB, Inc. v. Seasons Contracting Corp., No. 00 Civ. 9212, 2002 WL 31729693 (S.D.N.Y. Dec. 4, 2002) (communications between insured and insurer were either for business purposes or not prepared in anticipation of litigation); Aiena v. Olsen, 194 F.R.D. 134 (S.D.N.Y. 2000) (holding that defendants failed to establish that the advocacy of their position to the insurer was intended either to obtain legal advice or to convey information regarding the claims for the use of potential future defense counsel); In re Imperial Corp. of Am., 167 F.R.D. 447, 452 (S.D. Cal. 1995) (“The letters were written for the purpose of apprising American Casualty of the status of the case, not for seeking or imparting legal advice.”); In re Pfizer Inc. Sec. Litig., No. 90 Civ. 1260, 1993 WL 561125, at *8 (S.D.N.Y. Dec. 23, 1993) (“Pfizer’s communications are for the purpose of seeking insurance coverage, not legal advice, from its carriers. As such, they do not fall within the scope of the attorney-client privilege.”).

2. The Insurer’s Access To The Insured’s Privileged Communications

In Waste Management, Inc. v. International Surplus Lines Insurance Co., 579 N.E.2d 322, 328 (Ill. 1991), the Illinois Supreme Court upheld an order in a coverage dispute compelling an insured to produce its attorney’s files from the underlying action. The court based its decision on the existence of a policy cooperation clause requiring the insured to turn over such documentation, and on the common interest doctrine.

Similarly, in Independent Petrochemical Corp. v. Aetna Casualty & Surety Co., 654 F. Supp. 1334 (D.D.C. 1986), the court found that a coverage dispute did not obviate the common interest between the insurer and insured. There, the court held:

[W]hile those documents may be privileged from discovery by party opponents in the underlying claims, they cannot be privileged from carriers obligated to shoulder the burden of defending against those claims. . . . The documents were generated in anticipation of minimizing something of common interest to both parties in this suit: exposure to liability from tort claimants.

Id. at 1365; see also Vicor Corp. v. Vigilant Ins. Co., 674 F.3d 1, 18-19 (1st Cir. 2012) (applying Massachusetts law) (an insurer could discover privileged documents from its insured where they were co-clients of defense counsel in the underlying lawsuit); Coregis Ins. Co. v. Lewis, Johs, Avallone, Aviles & Kaufman, LLP, No. 01 CV 3844 (SJ), 2006 WL 2135782, at *15-16 (E.D.N.Y. July 28, 2006) (common interest doctrine permitted insurer to use an
otherwise privileged report from insured’s attorney to deny coverage); Dendema v. Denbur, Inc., No. 00-C-4438, 2002 WL 370219, at *1 (N.D. Ill. Mar. 8, 2002) (holding insurer and insured had a common interest in defending the third-party lawsuit “despite the coverage dispute that developed, so documents created during the lawsuit were not privileged between the parties”); EDO Corp. v. Newark Ins. Co., 145 F.R.D. 18, 24 (D. Conn. 1992) (compelling disclosure of insured’s communications because insured could not “demonstrate that its attorneys prepared these documents in anticipation of a lawsuit with the . . . insurers”); Metro Wastewater Reclamation Dist. v. U.S. Fire Ins. Co., 142 F.R.D. 471 (D. Colo. 1992) (rejecting insured’s claim of privilege and relying upon common interest doctrine to require insured to produce documents arising from settlement with third party where insurer had refused coverage); Truck Ins. Exch. v. St. Paul Fire & Marine Ins. Co., 66 F.R.D. 129, 132-33 (E.D. Pa. 1975) (“It thus seems clear that, in relation to counsel retained to defend the claim, the insurance company and the policy-holder are in privity. Counsel represents both, and, at least in the situation where the policy-holder does not have separate representation, there can be no privilege on the part of the company to require the lawyer to withhold information from his other client, the policy-holder.”); In re Envtl. Pres. Ass’n, Adv. No. 10-00751, 2011 WL 2893089 (Bankr. D. Md. July 15, 2011) (pursuant to the common interest doctrine, counsel hired by insurer was required to produce its file to the insurer, even though counsel did not defend the insured in all aspects of the legal proceeding).

Numerous courts have rejected this approach, however, citing a lack of common interest between the parties. See CAMICO Mut. Ins. Co. v. Heffler, Radetich & Saitta, LLP, No. 11-4753, 2013 WL 315716, at *3-6 (E.D. Pa. Jan. 28, 2013) (merely paying defense counsel’s fees does not create a joint attorney-client relationship with an insurer and an insured where there are no other indications that such a relationship exists); First Pac. Networks, Inc. v. Atl. Mut. Ins. Co., 163 F.R.D. 574 (N.D. Cal. 1995) (insurer’s reservation of rights injected tension into insurer-insured relationship, entitling insured to withhold communications with attorney); N. River Ins. Co. v. Columbia Cas. Co., No. 90 Civ. 2518, 1995 WL 5792, at *4 (S.D.N.Y. Jan. 5, 1995) (“The insurer may have the same ‘desire’ as the insured that the insured not be found liable for damages in an underlying action, but this does not qualify as an identical legal interest.”); Int’l Ins. Co. v. Newmount Mining Corp., 800 F. Supp. 1195 (S.D.N.Y. 1992) (insurer’s desire for successful defense of underlying action an insufficient common interest to warrant invasion of attorney-client relationship); Owens-Corning Fiberglas Corp. v. Allstate Ins. Co., 660 N.E.2d 765, 769 (Ohio Ct. C.P. 1993) (rejecting the application of the common-interest doctrine, because, since this was an embittered dispute over whether coverage applies, the parties could not be more at odds, rendering any reference to a common interest “somewhat laughable”).

Other courts have rejected the proposition that cooperation clauses could require the production of privileged materials. Remington Arms Co. v. Liberty Mut. Ins. Co., 142 F.R.D. 408 (D. Del. 1992) (concluding that a cooperation clause did not imply a duty to produce documents otherwise protected by the attorney-client privilege – the insurer did not seek the documents to cooperate on underlying litigation but to succeed in the coverage suit with the insured); Bituminous Cas. Corp. v. Tonka Corp., 140 F.R.D. 381 (D. Minn. 1992) (absent a showing that the parties intended waiver, cooperation clause did not contractually waive privilege); see also Rockwell Int’l Corp. v. Super. Court, 32 Cal. Rptr. 2d 153 (Cal. Ct. App. 1994) (rejecting Waste Management’s rule that a cooperation clause imposes a broad duty of
cooperation that requires an insured to disclose communications with defense counsel in an underlying action); E. Air Lines, Inc. v. U.S. Aviation Underwriters, Inc., 716 So.2d 340 (Fla. Dist. Ct. App. 1998) (cooperation clause applies only when the insured and insurer are in a fiduciary relationship; where the fiduciary relationship exists, the court may compel production of documents as between the two parties; where it does not exist and the parties are in an adversarial position, the attorney-client privilege is not waived); Wisconsin v. Hydrite Chem. Co., 582 N.W.2d 411 (Wis. Ct. App. 1998) (cooperation clause does not supersede the attorney-client privilege). See also Am. Re-Ins. Co. v. U.S. Fid. & Guar. Co., 40 A.D.3d 486 (N.Y. App. Div. 2007) (court rejected reinsurer’s affirmative use of common interest doctrine to compel insurer/cedent to produce privileged documents).

3. Privilege Issues Arising Between Insurers And Reinsurers

Insurers have invoked the common interest privilege to shield disclosures made to reinsurers from discovery by insureds. Several courts have found that the insurer-reinsurer relationship involves a common interest sufficient to preserve the privilege.

See:


Great Am. Surplus Lines, Inc. v. Ace Oil Co., 120 F.R.D. 533 (E.D. Cal. 1988). Disclosure of documents by insurer to reinsurer did not constitute waiver of privilege because the reinsurer, which had a financial stake in the outcome of the underlying litigation, had a “need to know” the information.

Durham Indus., Inc. v. N. River Ins. Co., No. 79 Civ. 1705, 1980 WL 112701 (S.D.N.Y. Nov. 21, 1980). Privileged information disclosed by insurer to reinsurer not discoverable by policyholder in coverage dispute over surety bond. The common interest privilege applies. “Here, where the reinsurers bear a percentage of liability on the bond, their interest is clearly identical to that of the [defendant insurer].”

Hartford Steam Boiler Inspection & Ins. Co. v. Stauffer Chem. Co., Nos. 701223, 701224, 1991 WL 230742 (Conn. Super. Ct. Nov. 4, 1991). Disclosure of privileged documents by an insurer to its reinsurer did not waive the privilege. The interests of the insurer and reinsurer were “inextricably linked by the reinsurance treaty” that imposed an obligation on the reinsurer to bear a 7.5% share of any liability imposed on the insurer.

But see:

Progressive Cas. Ins. Co. v. Federal Deposit Ins. Corp., 2014 U.S. Dist. Lexis 140709 (N.D. Iowa Oct. 3, 2014). Communications between insurer and reinsurers not protected by work product doctrine where they were prepared in the ordinary course of business to provide case updates to reinsurers pursuant to the reinsurance agreements.

Reliance Ins. Co. v. Am. Lintex Corp., No. 00 Civ. 5568, 2001 WL 604080 (S.D.N.Y. May 31, 2001). Court rejected insurer’s argument that it and the reinsurer shared a “unity of interest.” While their commercial interests coincided, no evidence demonstrated that the insurer and reinsurer shared the same counsel or coordinated legal strategy in any way.

Front Royal Ins. Co. v. Gold Players, Inc., 187 F.R.D. 252 (W.D. Va. 1999). Insurer sought to shield reports sent to and received from its reinsurer regarding a claim by insured. The court rejected insurer’s argument that these reports were shielded by the common interest doctrine, stating that insurer “seeks to use the common interest rule to protect documents which were created in the ordinary course of business under the contractual obligations between insurer and reinsurer.”


Allendale Mut. Ins. Co. v. Bull Data Sys., Inc., 152 F.R.D. 132 (N.D. Ill. 1993) (internal citations omitted). While noting that the common interest doctrine could exist between an insurer and its reinsurers, the court held that the insurer’s and reinsurer’s interests were not identical in this case. “In general, different persons or companies have a common interest where they have an identical legal interest in a subject matter of a communication between an attorney and a client concerning legal advice. The interest must be identical, not similar, and be legal, not solely commercial.” Here, there was no consultation between the attorneys for the purpose of developing a joint defense against a litigation opponent or for the purpose of maintaining a common legal interest; the communications were normal communications between parties with a contractual obligation to keep each other informed about insurance claims.

N. River Ins. Co. v. Phil. Reins. Corp., 797 F. Supp. 363 (D.N.J. 1992). In a dispute over reinsurance coverage, reinsurer sought privileged documents that were created by primary insurer in proceedings with its insured. The court refused to compel disclosure under the common interest doctrine, finding that reinsurer had no input into the relationship between insurer and its counsel and did not control the relationship.

When an insurer provides privileged material to its reinsurer, and subsequently ends up in a dispute with the reinsurer, is the privilege waived as to the reinsurer? As discussed above, privilege over information actually shared with others in a common interest arrangement is waived when the parties become adverse, at least with respect to those previously sharing the common interest protection. See Waiver By Subsequent Litigation, § II.B.2, supra. The privilege may also be waived with respect to others when an insurer and its reinsurer become adverse. See Regence Grp. v. TIG Specialty Ins. Co., No. 07-1337-HA, 2010 WL 476646, at *2-3 (D. Or. Feb. 4, 2010) (denying insurer’s motion for protective order to withhold, in litigation with insured, privileged documents exchanged with reinsurers, where insurer subsequently engaged in two contested arbitrations with reinsurers).

However, courts will likely enforce the terms of any agreement that the insurer and reinsurer entered into regarding the use of disclosed privileged information. In AIU Insurance Co. v. TIG Insurance Co., No. 07 Civ. 7052 (SHB)(HBP), 2008 WL 5062030 (S.D.N.Y. Nov. 25, 2008), the court addressed this issue. AIU had settled an underlying asbestos claim and requested reimbursement from its reinsurer TIG. In response to TIG’s request for information regarding when AIU first learned of the claim, AIU sent TIG its coverage counsel’s opinion regarding the claim, which disclosed that AIU had learned about the claim many years earlier. TIG then requested a claim audit, which AIU granted, but only after TIG signed a confidentiality agreement in which TIG agreed that AIU’s disclosure of coverage counsel’s documents would not constitute waiver of the attorney-client privilege. AIU then provided TIG access to otherwise privileged material. In subsequent litigation, TIG argued that AIU had waived the privilege as to all privileged material disclosed to TIG. The court held that AIU waived privilege regarding the coverage opinion disclosed prior to the confidentiality agreement, but not with respect to material disclosed afterwards.

III. THE WORK PRODUCT DOCTRINE

The work product doctrine, established in Hickman v. Taylor, 329 U.S. 495 (1947), can also be a valuable means of protecting confidential documents. While the work product doctrine does shield an attorney’s mental impressions, opinions and legal conclusions from discovery, work product is not, like attorney-client communications, privileged. Mfg. Admin. & Mgmt. Sys., Inc. v. ICT Grp., Inc., 212 F.R.D. 110, 112 (E.D.N.Y. 2002). Rather, work product is given qualified protection from discovery as a concession to the necessities of the adversary system. As one court recently explained: “Our adversarial system of justice cannot function properly unless an attorney is given a zone of privacy within which to prepare the client’s case and plan strategy, without undue interference.” Davis v. Emery Air Freight Corp., 212 F.R.D. 432, 434 (D. Me. 2003) (quoting In re San Juan Dupont Plaza Hotel Fire Litig., 859 F.2d 1007, 1014 (1st Cir. 1988)); see United States v. Noble, 422 U.S. 225, 238 (1975) (“At its core, the work-product doctrine shelters the mental processes of the attorney, providing a privileged area within which he can analyze and prepare his client’s case.”) (quotations omitted). Courts widely echo this “zone of privacy” rationale for the work product doctrine. See: In re Cendant Corp. Sec. Litig., 343 F.3d 658, 661-62 (3d Cir. 2003). “The work-product doctrine is governed by a uniform federal standard set forth in Fed. R. Civ. P. 26(b)(3) and shelters the mental processes of the attorney, providing a privileged area within which he can analyze and prepare his client’s case.”
Coastal States Gas Corp. v. Dep’t of Energy, 617 F.2d 854, 864 (D.C. Cir. 1980). “[Work product] doctrine stands in contrast to the attorney-client privilege; rather than protecting confidential communications from the client, it provides a working attorney with a ‘zone of privacy’ within which to think, plan, weigh facts and evidence, candidly evaluate a client’s case, and prepare legal theories.”

Feacher v. Intercont’l Hotels Grp., No. 3:06-CV-0877 (TJM/DEP), 2007 WL 3104329, at *4 (N.D.N.Y. Oct. 22, 2007). “In order to preserve the integrity of the work product doctrine and the zone of privacy surrounding an attorney’s preparation of a case on behalf of his or her client, I respectfully reject those cases which make the distinction between purely factual witness accounts and reports revealing mental impressions . . . .”

Simmons, Inc. v. Bombardier, Inc., 221 F.R.D. 4 (D.D.C. 2004). “The work-product privilege is designed to ‘balance the needs of the adversarial system’ by ‘safeguarding the fruits of an attorney’s trial preparation’ while serving the general interest in ‘revealing all true and material facts relevant to the resolution of a dispute.’” (quoting In re Subpoenas Duces Tecum, 738 F.2d 1367, 1371 (D.C.Cir.1984)).


Lifewise Master Funding v. Telebank, 206 F.R.D. 298, 304 (D. Utah 2002). “The work-product privilege protects against invading the privacy of an attorney’s course of preparation and where the privilege exists the burden is on the party seeking to invade the privilege to establish adequate reasons for production. However, the party asserting the work-product privilege has the burden of showing the applicability of the doctrine.”

Iowa Prots. & Advocacy Servs., Inc., 206 F.R.D. 630, 640 (S.D. Iowa 2002). “The work-product doctrine was designed to prevent ‘unwarranted inquiries into the files and mental impressions of an attorney,’ and recognizes that it is ‘essential that a lawyer work with a certain degree of privacy, free from unnecessary intrusion by opposing parties and their counsel.’” (quoting Simon v. G.D. Searle & Co., 816 F.2d 397, 400 (8th Cir. 1987)).

Strougo v. BEA Assocs., 199 F.R.D. 515, 520 (S.D.N.Y 2001). “This privilege exists to protect attorneys’ mental impressions, opinions or legal theories concerning specific litigation from discovery.”

The work product doctrine is broader than the attorney-client privilege in that it protects a wider array of materials than just communications between client and attorney. See SmithKline Beecham Corp. v. Pentech Pharm., Inc., No 00 C 2855, 2001 WL 1397876, at *2 (N.D. Ill. Nov. 6, 2001); Strougo, 199 F.R.D. at 520 (citing In re Grand Jury Proceedings, 219 F.3d 175, 190 (2d Cir. 2000) (citing Hickman, 329 U.S. at 508, and United States v. Nobles, 422 U.S. 225, 238 n.11 (1975)); see also Judicial Watch, Inc. v. U.S. Dep’t of Justice, 337 F. Supp. 2d 183, 185 (D.D.C. 2004), rev’d in part on other grounds, 432 F.3d 366, 371-72 (D.C. Cir. 2005) (explaining that the work product privilege is broader than the deliberative process privilege). However, in Hickman the Supreme Court indicated that this protection is not absolute, and that discovery might be permitted if the party seeking access established adequate reasons. Hickman, 329 U.S. at 511-12. In this way, the work product doctrine “balances the interest of the system in providing lawyers with a degree of privacy free of unnecessary intrusion by opposing parties against the societal interest in ensuring that all parties obtain knowledge of the relevant facts involved in a dispute.” Emery Air Freight Corp., 212 F.R.D. at 434 (quoting San Juan Dupont Plaza Hotel Fire Litig., 859 F.2d at 1014); see also Pamida, Inc. v. E.S. Originals, 281 F.3d 726, 732 (8th Cir. 2002) (“When a party seeks a greater advantage from its control over work-product than the law must provide to maintain a
healthy adversary system, the privilege should give way.”’) (quoting In re Sealed Case, 676 F.2d 793, 818 (D.C. Cir. 1982)).


(A) Documents and Tangible Things. Ordinarily, a party may not discover documents and tangible things that are prepared in anticipation of litigation or for trial by or for another party or its representative (including the other party’s attorney, consultant, surety, indemnitor, insurer, or agent). But, subject to Rule 26(b)(4), those materials may be discovered if:

(i) they are otherwise discoverable under Rule 26(b)(1); and

(ii) the party shows that is has substantial need for the materials to prepare its case and cannot, without undue hardship, obtain their substantial equivalent by other means.

(B) Protection Against Disclosure. If the court orders discovery of those materials, it must protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of a party’s attorney or other representative concerning the litigation.

(C) Previous Statement. Any party or other person may, on request and without the required showing, obtain the person’s own previous statement about the action or its subject matter. If the request is refused, the person may move for a court order, and Rule 37(a)(5) applies to the award of expenses. A previous statement is either:

(i) a written statement that the person has signed or otherwise adopted or approved; or
a contemporaneous stenographic, mechanical, electrical, or other recording – or a transcription of it – that recites substantially verbatim the person’s oral statement.

FED. R. CIV. P. 26(b)(3).

Interpreting Rule 26(b)(3), courts have generally distilled the applicability of the work product doctrine into a three-part test. To qualify for the protections of the work product doctrine, courts hold that items must be: (1) documents or tangible things; (2) prepared by or for a party (i.e., by or for a party or a party’s representative); and (3) prepared in anticipation of litigation or for trial. Aktiebolag v. Andrx Pharm., Inc., 208 F.R.D. 92, 104 (S.D.N.Y. 2002); Anderson, 202 F.R.D. at 554. Although, if read literally, Rule 26(b)(3) applies only to tangible things, courts widely recognize that the work product doctrine encompasses intangible information as well. See In re Cendant Corp. Sec. Litig., 343 F.3d 658, 662-63 (3d Cir. 2003) (holding that it is “clear” from Hickman that work product protection extends to both tangible and intangible work product); see The Intangible Work Product Doctrine, § III.A.1, infra. Work product also may include material prepared by non-attorneys so long as it was prepared in anticipation of litigation. See Work Product Must Be Prepared By Or For A Party Or By Or For Its Representative, § III.A.2, infra.

Work product protection is not absolute. Courts may require the disclosure of materials that would otherwise meet the criteria for work product protection, if the moving party can demonstrate: (1) substantial need of the materials, and (2) that a substantial equivalent cannot be obtained without undue hardship. In re Cendant Corp. Sec. Litig., 343 F.3d 658, 663 (3d Cir. 2003); see Ordinary & Opinion Work Product, § III.B, infra; Scope of Work Product Protection, § III.D, infra. However, courts are required under Rule 26(b)(3) “to protect against disclosure of the mental impressions, conclusions, and opinions, or legal theories [referred to as ‘core’ or ‘opinion’ work product] of an attorney or other representative of a party concerning the litigation.” FED. R. CIV. P. 26(b)(3).

A. DEFINING WORK PRODUCT

1. The Intangible Work Product Doctrine

Under Federal Rule of Civil Procedure 26(b)(3), as drafted, work product is composed of “documents and tangible things.” Taken literally, Rule 26(b)(3) would not apply to information in an unwritten form. 6 JAMES WM. MOORE ET AL., MOORE’S FEDERAL PRACTICE ¶ 26.70 (2019). Thus, courts must look back to Hickman v. Taylor, 329 U.S. 495 (1947), for guidance when dealing with work product protection of intangible things (such as attorney recollections or other unrecorded information). See id. (noting that, because of its wording, Rule 26(b)(3) leaves the area of unrecorded work product unchanged and subject to Hickman); see also In re D.H. Overmyer Telecasting Co., 470 F. Supp. 1250, 1255 n.6 (S.D.N.Y. 1979) (content of communications between co-counsel held protected by Hickman although Rule 26(b)(3) was inapplicable). Federal Rule of Evidence 502 specifically includes intangible work product. FED. R. EVID. 502(g)(2) (“work product protection’ means the protection that applicable law provides for tangible material (or its intangible equivalent) prepared in anticipation of litigation or for trial”).
Under Hickman, work product encompasses unrecorded and intangible forms of information. There, the Court held that attempts to secure “personal recollections” prepared by counsel without any necessity or justification were prohibited. 329 U.S. at 510.

Despite being grounded on different precedents, the protections afforded tangible and intangible materials are essentially the same in most cases. The Third Circuit has held that “[i]t is clear” from Hickman that work product protection extends to both tangible and intangible work product. In re Cendant Corp. Sec. Litig., 343 F.3d 658, 662 (3d. Cir. 2003); see also U.S. Info. Sys., Inc. v. Int’l Bhd. of Elec. Workers Local Union No. 3, No. 00Civ.4763(RMB)(JCF), 2002 WL 31296430, at *5 (S.D.N.Y. Oct. 11, 2002) (holding that work product doctrine was informed by case law beyond Rule 26(b)(3) and applied to intangible things such as conversations).

See:

Frank Betz Assocs. v. Jim Walter Homes, Inc., 226 F.R.D. 533, 534 (D.S.C. 2005). The amount of a company’s litigation reserve was protected by the work product doctrine because it reflected counsel’s mental impressions.

Banks v. Office of Senate Sergeant-at-Arms, 222 F.R.D. 1, 4 (D.D.C. 2004). Deposition questions directed to an agency employee would be improper if the answer would tend to disclose the agency’s attorney’s intangible work product (counsel’s mental impressions, conclusions, opinions or legal theories).

U.S. Info. Sys., Inc. v. Int’l Bhd. of Elec. Workers Local Union No. 3, No. 00Civ.4763(RMB)(JCF), 2002 WL 31296430, at *6 (S.D.N.Y. Oct. 11, 2002). Oral communications between plaintiffs’ counsel and employee of litigation support vendor that reflect the thought processes of counsel were protected work product: “The fortuity of whether an attorney’s thought processes have been memorialized should not determine whether they are laid bare to his or her adversary.”

One common type of intangible work product is unrecorded recollections of attorneys. Some commentators have noted that unrecorded work product is really oral opinion work product. See Jeff A. Anderson et al., The Work Product Doctrine, 68 CORNELL L. REV. 760, 842-43 (1983). Such oral materials or recollections necessarily include the mental impressions of the attorney. Id. at 839. When an attorney is asked about her recollection of an interview, the attorney will only recount those items which she analyzed and deemed significant enough to remember. Thus, when recounted, the underlying information takes on aspects of opinion work product as it is strained through the attorney’s mental processes, perceptions, and evaluations. Id. As a result, unrecorded information may more easily qualify as opinion work product and therefore gain extra protection. Apparently recognizing this, a few courts have included such material within the category of opinion work product. See In re Grand Jury Subpoena Dated Nov. 8, 1979, 622 F.2d 933, 935 (6th Cir. 1980) (defining work product as “the tangible and intangible material which reflects an attorney’s efforts at investigating and preparing a case, including one’s pattern of investigation, assembling of information, determination of the relevant facts, preparation of legal theories, planning of strategy, and recording of mental impressions”). See also United States v. One Tract of Real Prop., 95 F.3d 422, 428 (6th Cir. 1996) (the broader work-product doctrine outlined in Hickman protects reflections and recollections of an attorney that have never been written down); Special
2. **Work Product Must Be Prepared By Or For A Party Or By Or For Its Representative**

Although often referred to as the “attorney work product” doctrine, that is a misleading misnomer. Work product protection extends to any materials prepared in anticipation of litigation by or for a party. **In re Cendant Corp. Sec. Litig.,** 343 F.3d 658, 662-63 (3d Cir. 2003) (work product protection “extends beyond materials prepared by an attorney to include materials prepared by an attorney’s agents and consultants”); **United States v. AT&T,** 642 F.2d 1285 (D.C. Cir. 1980) (noting that work product protection developed in Hickman encompasses nonparty work product); **Hertzberg v. Veneman,** 273 F. Supp. 2d 67, 76 (D.D.C. 2003). Indeed, by its own terms, Rule 26(b)(3) protects materials prepared “by or for another party or by or for that other party’s representative (including the other party’s attorney, consultant, surety, indemnitor, insurer, or agent) . . .” **FED. R. CIV. P. 26(b)(3); see also United Coal Cos. v. Powell Constr. Co.,** 839 F.2d 958, 966 (3d Cir. 1988) (heightened protection for opinion work product applies to the “mental impressions, conclusions, opinion, or legal theories” of a party or its agent); **Duplan Corp. v. Deering Milliken, Inc.,** 540 F.2d 1215, 1219 (4th Cir. 1976); **Davis v. Seattle,** No. C06-1659Z, 2007 WL 4166154, at *4 (W.D. Wash. Nov. 20, 2007) (outside attorney investigator acting as functional equivalent of an employee of the company where the outside attorney prepared draft reports that were within the scope of her duties); **Hertzberg**, 273 F. Supp. 2d at 76 (“By its own terms, then, the work-product privilege covers materials prepared by or for any party or by or for its representative; they need not be prepared by an attorney or even for an attorney.”) (emphasis in original) (internal citations omitted).

Protected work product only includes materials prepared in anticipation of litigation. **See Work Product Must Be Prepared In Anticipation Of Imminent Litigation, § III.A.3, infra.** As a practical matter, demonstrating that material prepared by a non-lawyer was prepared in anticipation of litigation may be more difficult. However, in a case involving agents of an attorney, the Supreme Court explained the importance of protecting the work product of such agents:

At its core, the work-product doctrine shelters the mental processes of the attorney, providing a privileged area within which he can analyze and prepare his client’s case. But the doctrine is an intensely practical one, grounded in the realities of litigation in our adversary system. One of those realities is that attorneys often must rely on the assistance of investigators and other agents in the compilation of materials in preparation for trial. It is therefore necessary that the doctrine protect material prepared by agents for the attorney as well as those prepared by the attorney himself.


Under this rationale, work product includes material prepared “by or for [a] party or its representative” as long as the agent is assisting in preparing for litigation. **FED. R. CIV.**
P. 26(b)(3) advisory committee’s note (“the weight of authority affords protection of the preparatory work of both lawyers and nonlawyers”); see also In re Payment Card Interchange Fee and Merchant Discount Antitrust Litig., No. 05-MD-1720 (MKB), 2018 WL 1162552, at *5-6 (E.D.N.Y. Feb. 26, 2018) (finding that non-attorney’s materials were protected by the work product doctrine because they were created for the litigation); NL Indus., Inc. v. ACF Indus., LLC, No. 10CV89W, 2015 WL 4066884, at *6-7 (W.D.N.Y. July 2, 2015) (applying work product protection to materials prepared by environmental consulting firm in CERCLA action, where firm’s responsibilities included identifying potentially liable parties); Pemberton v. Republic Servs., Inc., 308 F.R.D. 195, 202-03 (E.D. Mo. 2015) (finding that public relations firm’s internal communications were protected by work product doctrine where defense counsel hired firm to manage media coverage of litigation); Geller v. N. Shore Long Island Jewish Health Sys., No. CV 10-170(ADS)(ETB), 2011 WL 5507572, at *2-4 (E.D.N.Y. Nov. 9, 2011) (to the extent a compliance officer conducted an investigation after counsel was hired, the officer was acting as an agent of counsel and, therefore, the investigation was protected by both attorney-client privilege and the work product doctrine); Nelsen v. Geren, No. 08-CV-1424-ST, 2010 WL 3491360, at *3-4 (D. Or. Aug. 31, 2010) (finding that a nonlawyer’s draft report prepared in anticipation of litigation to be noncore work product, but ordering disclosure because defendant had waived protection for all but core work product); Angel Learning, Inc., v. Houghton Mifflin Harcourt Publ’g Co., No. 1:08-cv-01259-LIM-JMS, 2010 WL 1579666, at *1 (S.D. Ind. Apr. 19, 2010) (applying the work product doctrine to documents prepared by plaintiff’s employee evaluating the settlement value of the case); Rodriguez v. SLM Corp., Civ. No. 3:07CV1866 (WWE), 2010 WL 1416107, at *2 (D. Conn. Apr. 5, 2010) (holding that tests and studies conducted by Sallie Mae constituted work product as the analyses were prepared due to the prospect of litigation); Treat v. Tom Kelley Buick Pontiac GMC, Inc., No. 1:08-CV-173, 2009 WL 1543651, at *7 (N.D. Ind. June 2, 2009) (documents relating to an internal investigation undertaken in response to anticipated litigation were work product); Plew v. Limited Brands, Inc., No. 08 Civ. 3741(LTS)(MHD), 2009 WL 1119414, at *1 (S.D.N.Y. Apr. 23, 2009) (denying, on work product grounds, a motion to compel production of emails between defendant and a third party where emails were sent at direction of counsel to request information pertinent to the lawsuit); BASF Aktiengesellschaft v. Riley Indus., Inc., 224 F.R.D. 438, 441 (S.D. Ind. 2004) (letter prepared under the direction of counsel by party’s employee and sent to a non-party customer seeking documents to support its claims was protected work product despite not being prepared by an attorney); Gator Marshbuggy Excavator L.L.C. v. M/V Rambler, No. Civ. A. 03-3220, 2004 WL 1822843, at *2 (E.D. La. Aug. 12, 2004) (notes taken by investigator in response to a request made by an attorney were protected work product); In re Grand Jury Subpoena, 220 F.R.D. 130, 142 n.6 (D. Mass 2004) (noting that work product created by an attorney’s representative constitutes protected work product); Kintera, Inc. v. Convio, Inc., 219 F.R.D. 503, 514-16 (S.D. Cal. 2003) (holding that emails sent by party’s executive to other employees were protected by work product where they were sent at the direction of counsel and in anticipation of litigation); In re Grand Jury Proceedings, No. M-11-189, 2001 WL 1167497, at *19 (S.D.N.Y. Oct. 3, 2001) (work conducted by an investigator was protected by work product doctrine when conducted under the direction of a party’s counsel, but not when the same investigator acted independently); Fine v. Facet Aerospace Prods. Co., 133 F.R.D. 439, 445 (S.D.N.Y. 1990); In re ContiCommodity Servs., Inc., Sec. Litig., 123 F.R.D. 574, 576-77 (N.D. Ill. 1988) (work product doctrine does not prevent discovery of tax refund claim form prepared by an
accountant, but documents prepared by the accountant as an agent for the lawyer would be protected). But see United States v. Smith, 502 F.3d 680, 689 (7th Cir. 2007) (“It is not up to the client to determine whom to make an agent for the purposes of asserting the work-product privilege; the privilege extends to the work of the attorney’s agents, not the client’s agents.”); In re Pub. Defender Serv., 831 A.2d 890, 895-96 (D.C. Cir. 2003) (where criminal defendant’s comrades extracted written confession from witness at knife point, and defendant provided confession to attorney, confession was not protected work product because it was not prepared by attorney or his agents); In re Six Grand Jury Witnesses, 979 F.2d 939, 942 (2d Cir. 1992) (work product doctrine does not protect information about analyses prepared by employees at direction of corporate counsel); United States v. Hatfield, No. 06-CR-0550 (JS), 2010 WL 183522 (E.D.N.Y. Jan. 8, 2010) (an attorney’s engagement of a consultant on behalf of a client does not bestow privilege on non-legal work); In re Grand Jury Proceedings, No. M-11-189, 2001 WL 1167497, at *19 (S.D.N.Y. Oct. 3, 2001) (holding that work conducted by an investigator was protected by the work product doctrine when conducted under the direction and control of a party’s counsel, but not when the same investigator acted independently).

Some courts strictly apply Rule 26(b)(3)’s use of the term “party” to preclude non-parties from asserting work product protection. “[D]ocuments prepared by one who is not a party to the present suit are wholly unprotected by Rule 26(b)(3) even though the person may be a party to a closely related lawsuit in which he will be disadvantaged if he must disclose in the present suit.” Ramsey v. NYP Holdings, Inc., No. 00 Civ.3478(MHD), 2002 WL 1402055, at *6 (S.D.N.Y. June 27, 2002) (noting “[t]his conclusion has been adhered to by the Supreme Court in dictum, by at least one circuit court and by numerous district courts”) (citations omitted). See also In re Cal. Pub. Util. Comm’n, 892 F.2d 778, 780-81 (9th Cir. 1989) (a nonparty to a suit cannot assert work product protection); LG Elecs. v. Motorola, Inc., No. 10 CV 3179, 2010 WL 4513722, at *3-4 (N.D. Ill. Nov. 2, 2010) (a party could not assert work product protection for documents its counsel prepared regarding a separate lawsuit in which it was not a party); Howell v. City of N.Y., No. CV-06-6347 (ERK)(VVP), 2007 WL 2815738, at *2 (E.D.N.Y. Sept. 25, 2007) (denying, in a civil suit against a city, protective order for the state’s attorney’s official reason for declining to criminally prosecute plaintiff, as state’s attorney was not a party); Wong v. Thomas, 238 F.R.D. 548, 551-52 (D.N.J. 2007) (prosecutors cannot assert work product protection for criminal investigation file in subsequent civil suit against multiple government entities); Ricoh v. Aeroflex, 219 F.R.D. 66, 68-69 (S.D.N.Y. 2003) (holding that communications between non-parties are not protected even if they are initiated or requested by a party or a party’s counsel); Klein v. Jefferson Parish Sch. Bd., No. Civ.A 00-3401, 2003 WL 1873909, at *3-4 (E.D. La. 2003) (holding that prosecutor’s file from previous criminal action was not protected by work product doctrine in related civil action where the prosecuting county was not a party); Ostrowski v. Holem, No. 02 C 50281, 2002 WL 31956039, at *3 (N.D. Ill. Jan. 21, 2002) (holding that work product doctrine did not protect prosecutorial file of state’s attorney in civil litigation between party claiming false arrest against city). But see 8 CHARLES ALAN WRIGHT, ET AL., FEDERAL PRACTICE & PROCEDURE § 2024 (3d ed. West2019) (criticizing this interpretation and suggesting a court could issue a protective order to provide protection anyway).

Some courts have noted that the court’s ability to preclude or limit discovery on a showing of “good cause” may blunt the potential harshness of this interpretation. Ramsey v. NYP Holdings, Inc., No. 00 Civ.3478(MHD), 2002 WL 1402055, at *6. See also In re
Federal Rule of Civil Procedure 26(c) provides that a “court may, for good cause, issue an order to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense.” Rule 45(c)(3), which permits a court to quash or modify a subpoena that subjects a person to undue burden, may also be used. See Arco, LLC v. Ams. Mining Corp., No. MS 07-6289-EJL-MHW, 2007 WL 3504774 (D. Idaho Nov. 15, 2007) (granting protective order on the basis of the work product doctrine even though the party seeking protection was not a party to the litigation).

A plaintiff who creates work-product material before hiring an attorney is still permitted to take advantage of the work-product doctrine. Bahrami v. Maxie Price Chevrolet-Oldsmobile, Inc., No. 1:11-CV-4483-SCJ-AJB, 2013 WL 3800093, at *6 (N.D. Ga. July 19, 2013) (secret records of conversations made by plaintiff, a non-lawyer, were protected work product created in anticipation of litigation). Similarly, a bankruptcy trustee may assert work product protection for documents prepared by the debtor and a creditors’ committee before the debtors’ plan was confirmed, although debtor and committee no longer exist, because the trustee is the successor-in-interest and succeeds to their right to assert the work product doctrine. Osherow v. Vann (In re Hardwood P-G, Inc.), 403 B.R. 445, 464-65 (Bankr. W.D. Tex. 2009).

The operation of the work product doctrine does not differ when applied to in-house rather than outside counsel. See Shelton v. Am. Motors Corp., 805 F.2d 1323, 1328 (8th Cir. 1986).

3. **Work Product Must Be Prepared In Anticipation Of Imminent Litigation**

It is important to note that the attorney-client privilege protects communications between a client and a lawyer relating to all kinds of legal services, while the work product doctrine protects only litigation-related materials. See Research Inst. for Med. & Chem., Inc. v. Wis. Alumni Research Found., 114 F.R.D. 672, 680 (W.D. Wis. 1987) (work product doctrine inapplicable to patent application process which involves ex parte non-adversarial proceedings); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 87 cmt. h (2000). The definition of “litigation” is quite broad, however, and includes criminal and civil trials as well as other adversarial proceedings, such as administrative hearings, arbitration, and grand jury proceedings. See In re Rail Freight Fuel Surcharge Antitrust Litig., 268 F.R.D. 114, 118 (D.D.C. 2010) (materials prepared in anticipation of an administrative hearing are protected by the work product doctrine where there was a significant adversarial aspect to the hearing); In re Apollo Grp., Inc. Sec. Litig., 251 F.R.D. 12, 16-17 (D.D.C. 2008) (documents prepared in anticipation of administrative proceedings were protected by the work product privilege); United States v. Stewart, 287 F. Supp. 2d 461, 465-67 (S.D.N.Y. 2003) (finding that work product doctrine applies to grand jury proceedings, though suggesting possible difference when applied in criminal context); Galvin v. Hoblock, No. 00 Civ. 6058 DABMHD, 2003 WL 22208370, at *3-4 (S.D.N.Y. Sept. 24, 2003) (“[T]he term ‘litigation’ encompasses not only litigation in court, but also quasi-judicial proceedings before a government agency.”); McCook Metals L.L.C. v. Alcoa Inc., 192 F.R.D. 242, 261-62 (N.D. Ill. Mar. 2, 2000) (work product
doctrine applies to materials prepared in anticipation of appeal before Board of Patent Appeals and Interferences); Abdallah v. Coca-Cola Co., No. AI:98CV3679RWS, 2000 WL 33249254, at *5 (N.D. Ga. Jan. 25, 2000) (“A document may be considered to have been prepared in anticipation of litigation even if the litigation that caused its preparation was an investigation by a government agency, and not a traditional civil suit.”); Jumper v. Yellow Corp., 176 F.R.D. 282, 286 (N.D. Ill. 1997) (documents prepared in anticipation of arbitration were protected by the work product privilege); Deseret Mgmt. Corp. v. United States, 76 Fed. Cl. 88, 92-93 (Fed. Cl. 2007) (litigation includes adversarial proceedings, defined as “when evidence or legal argument is presented by parties contending against each other with respect to legally significant factual issues”) (quoting RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS §87 cmt. h (2000)). But see Adair v. EQT Prod. Co., 294 F.R.D. 1, 5-6 (W.D. Va. 2013) (holding that, to qualify as “litigation,” an administrative hearing must be adversarial (i.e., involve a claim prosecuted by one party against another or claims made by multiple parties with opposing claims to a particular interest); hearings before the Virginia Gas and Oil Board were not adversarial in nature and work product protection did not apply to documents prepared for the hearings).

“The decision whether documents were prepared in anticipation of litigation varies depending on the nature of the claim and the type of information sought and, therefore, turns on the facts of each case.” Abdallah, 2000 WL 33249254, at *4. The determination of whether a document has been prepared in anticipation of litigation often depends upon both the imminence of the anticipated litigation and the motivation behind the preparation to the material to be shielded from discovery. United States ex rel. Fago v. M & T Mortg. Corp., 238 F.R.D. 3, 7 (D.D.C. 2006) (attorney’s interview notes made after service of qui tam complaint and during investigation into allegations of complaint were protected work product where it was clear that interviews and notes of interviews would not have occurred but for the present litigation), overruled on other grounds by Schmidt v. Solis, 272 F.R.D. 1, 2-3 (D.D.C. 2010); Wultz v. Bank of China Ltd., 979 F. Supp. 2d 479, 488 (S.D.N.Y. 2013) (noting that the Second Circuit has interpreted the “in anticipation of litigation” requirement for work product protection broadly; documents should therefore be deemed prepared in anticipation of litigation if the document can fairly be said to have been prepared or obtained because of the prospect of litigation depending on the facts and circumstances of the case); Robinson v. Tex. Auto. Dealers Ass’n, 214 F.R.D. 432, 442 n.6 (E.D. Tex. 2003) (noting that this factor has both a temporal and motivating factor), vacated on other grounds, No. Civ. A. 5:97-CV-273, 2003 WL 21909777, at *1 (E.D. Tex July 28, 2003).

a. Required Imminence Of Litigation

To establish that a document was prepared in anticipation of litigation, a party must demonstrate that the threat of litigation was impending. FED. R. CIV. P. 26(b)(3); Hickman v. Taylor, 329 U.S. 495 (1947). Courts perform a case-by-case analysis to determine if the anticipated litigation has the requisite level of imminence. A general fear of ever-present litigation in the future will not meet the anticipation requirement. In re Gabapentin Patent Litig., 214 F.R.D. 178, 183 (D.N.J. 2003) (“In general, though, a party must show more than a remote prospect, an inchoate possibility, or a likely chance of litigation.”). Bare assertions in contracts indicating the possibility of litigation will not automatically entitle contemporaneous documents to work product protection. See Kingsway Fin. Servs., Inc. v.
PricewaterhouseCoopers, No. 03Civ.5560(RMB)(HBP), 2007 WL 473726, at *5 (S.D.N.Y. Feb. 14, 2007) (boilerplate contract choice of law clauses are “ubiquitous in modern transactions” and therefore not indicative of the imminence of litigation). Instead, there must be some particularized suspicion that litigation is likely. Often courts will describe the immediacy of litigation requirement in terms of whether an articulable claim existed at the time the material to be protected was prepared.

See:

In re Sealed Case, 146 F.3d 881, 884 (D.C. Cir. 1998). In order for work product protection to apply, an attorney must have “had a subjective belief that litigation was a real possibility, and that belief must have been objectively reasonable.” Documents prepared prior to the materialization of specific claim were protected because they were prepared “in anticipation of possible litigation.”

Martin v. Bally’s Park Place Hotel & Casino, 983 F.2d 1252 (3d Cir. 1993). After employee contacted OSHA with health problems, counsel for Bally’s ordered expert to conduct a test on the emissions of a dishwasher. Later, Bally’s claimed work product protection for this report. Court agreed that the report had been in anticipation of litigation despite the fact that OSHA had mentioned closing the file if the emissions were corrected. Court declared that OSHA had not been unequivocal that it was possible to avoid the litigation.

Binks Mfg. Co. v. Nat’l Presto Indus., Inc., 709 F.2d 1109, 1119 (7th Cir. 1983). There must be more than a remote prospect of future litigation for work product protection to apply. Work product immunity requires at least some articulable claim likely to lead to litigation and a document which was prepared because this litigation was fairly foreseeable.

Pemberton v. Republic Servs., Inc., 308 F.R.D. 195, 202 (E.D. Mo. 2015). Work product protection applies to public relations materials “created in an effort to foster a public environment that was less likely to lead to further litigation.”

Geller v. N. Shore Long Island Jewish Health Sys., No. 10-170(ADS)(ETB), 2011 WL 5507572, at *2-4 (E.D.N.Y. Nov. 9, 2011). Work product protection applies to materials created during the course of an internal investigation conducted by a compliance officer after counsel was hired in response to letter threatening litigation unless defendants settled within five days of receipt of letter.

Raritan Bay Fed. Credit Union v. CUMIS Ins. Soc’y, Inc., No. 09-1512 (FLW), 2010 WL 4292175, at *12 (D.N.J. Oct. 21, 2010). The reasonable anticipation test requires a party to show an identifiable and specific claim of impending litigation at the time materials were prepared.

Lopes v. Vieira, 719 F. Supp. 2d 1199 (E.D. Cal. June 23, 2010). Documents prepared in response to an administrative investigation were protected work product, and were not prepared for a business purpose since the securities offering took place a year earlier.

King v. CVS Pharmacy, Inc., No. 1:09-CV-209, 2010 WL 1643256 (E.D. Tenn. Apr. 21, 2010). Holding that an insurer’s claims adjuster’s files created prior to the adjuster’s contact with the claimant’s attorney were not protected work product.

Med. Protective Co. v. Bubenik, No. 4:06CV01639 ERW, 2007 WL 3026939, at *4 (E.D. Mo. Oct. 15, 2007). Recognizing the difficulty of determining when litigation becomes imminent, the court applied a case-by-case analysis. While the retention of outside counsel by the insurer was not dispositive, in this case it indicated “the beginning of an adversary relationship between the parties.”
Minebea v. Papst, 229 F.R.D. 1 (D.D.C. 2005). Holding that parties were not ‘anticipating litigation’ where a lawsuit had not been filed and the parties instead entered into a tolling agreement in a serious, good faith effort to negotiate a patent license.

Celmer v. Marriott Corp., No. Civ.A. 03-CV-5229, 2004 WL 1822763, at *3 (E.D. Pa. July 15, 2004). Holding report prepared by loss prevention officer whose primary role was to gather facts following accident was not protected work product because litigation was not anticipated at time of the creation of the report.

United States v. Bergonzi, 216 F.R.D. 487, 494-98 (N.D. Cal. 2003). Work product doctrine was implicated because investigation conducted by attorneys was done in response to securities fraud suits being filed against company.

Hertzberg v. Veneman, 273 F. Supp. 2d 67, 75 (D.D.C. 2003) (citing Coastal States Gas Corp. v. Dep’t of Energy, 617 F.2d 854, 865 (D.C. Cir. 1980)). “While litigation need not be imminent or certain in order to satisfy the anticipation-of-litigation prong of the test, this circuit has held that ‘at the very least some articulable claim, likely to lead to litigation, must have arisen,’ such that litigation was ‘fairly foreseeable at the time’ the materials were prepared.”

SmithKline Beecham Corp. v. Pentech Pharm., Inc., No. 00 C 2855, 2001 WL 1397876, at *2 (N.D. Ill. Nov. 6, 2001) (internal citations and quotations omitted; second alteration in original). “[T]o be subject to work product immunity, documents must have been created in response to ‘a substantial and significant threat’ of litigation, which can be shown by ‘objective facts establishing an identifiable resolve to litigate.’ Documents are not work-product simply because ‘litigation [is] in the air’ or ‘there is a remote possibility of some future litigation.’”

Heyman v. Beatrice Co., No. 89 C 7381, 1992 WL 97232, at *3 (N.D. Ill. May 1, 1992). “[T]he prospect of litigation must be identifiable because of specific claims that have already arisen.” A mere contingency of litigation will not give rise to work product protection. Thus, documents that were prepared to analyze or preclude future litigation not regarding existing claims were not protected work product.

Miller v. Pancucci, 141 F.R.D. 292 (C.D. Cal. 1992). Police department documents prepared in the ordinary course of an internal affairs investigation in response to citizen complaint were not prepared in anticipation of specific litigation and therefore were not protected work product.

James Julian, Inc. v. Raytheon Co., 93 F.R.D. 138, 143 (D. Del. 1982). Party not required to know who will sue it or the theory of recovery, but the prospect of litigation must be “sufficiently strong.”

Nat’l Eng’g & Contracting Co. v. C. & P. Eng’g & Mfg. Co., 676 N.E.2d 372, 378-79 (Ind. Ct. App. 1997). Photographs taken in ordinary course of business were discoverable, but photographs taken in anticipation of litigation were protected work product.

Litigation related to a future event may be sufficiently “anticipated” to satisfy the requirements of the work product doctrine even though no litigation then existed. See United States v. Adlman, 134 F.3d 1194, 1197-98 (2d Cir. 1998) (holding that memorandum regarding potential tax litigation arising out of a proposed merger may be protected); see also Deseret Mgmt. Corp. v. United States, 76 Fed. Cl. 88, 94 (Fed. Cl. 2007) (IRS audit reports were protected work product where, due to the size of the corporation and significance of the business transaction, both parties “knew or should have known that the auditing could lead to litigation”). In In re Sealed Case, 146 F.3d 881, 887 (D.C. Cir. 1998), the Circuit Court for the District of Columbia held that documents prepared prior to the transaction that formed the basis for the claim were protected work product. The court reasoned that the work product privilege
“turns not on the presence or absence of a specific claim, but rather on whether, under ‘all of the relevant circumstances,’ the lawyer prepared the materials in anticipation of litigation.” *Id.* at 884-85. Under this standard, the court found that an attorney must have “had a subjective belief that the litigation was a real possibility, and that belief must have been objectively reasonable” in order for work product protection to apply. *Id.* at 884; *see also* Judicial Watch, Inc. v. C.F.P.B., No. 1:12-cv-00931 (EGS), 2014 WL 1245303, at *7 (D.D.C. Mar. 27, 2014) (document prepared because of the prospect of litigation may be protected even if the individual does not have a specific claim in mind, provided there exists “some articulable claim that is likely to lead to litigation”).

b. Preparation Of Documents Must Be Motivated By Litigation


In establishing the “anticipation of litigation” prong of work product protection, a party must demonstrate that use in litigation was the motivation underlying the preparation of the document subject to a claim of work product protection. The party asserting the work product doctrine carries the burden of proving that the writings or documents were prepared for litigation purposes. *See Wyoming v. U.S. Dep’t of Agric.*, 239 F. Supp. 2d 1219, 1231 (D. Wyo. 2002), *appeal dismissed and vacated as moot*, 414 F.3d 1207 (10th Cir. 2005). Courts find that, without more, merely citing a purpose of avoiding future litigation is an insufficient basis on which to assert work product protection, as such would “represent an insurmountable barrier to normal discovery and could subsume all compliance activities by a company as protected from discovery.” *In re Grand Jury Proceedings*, No. M-11-189, 2001 WL 1167497, at *15 (S.D.N.Y Oct. 3, 2001) (quotations and citations omitted). “Though the work product doctrine may protect documents that were prepared for one’s defense in a court of law, it does not protect documents that were prepared for one’s defense in the court of public opinion.” Burke v. Lakin Law Firm, PC, No. 07-CV-0076-MJR, 2008 WL 117838, at *3 (S.D. Ill. 2008) (holding that communications with a public relations firm hired at the direction of counsel to minimize the effects of negative publicity stemming from litigation were not protected by the work product doctrine).

Regardless of the particular degree of litigation-related motivation that courts may require, virtually all courts hold that materials that are “assembled in the ordinary course of business, or pursuant to public requirements unrelated to litigation” are not protected. Fed. R. Civ. P. 26(b)(3) (1970 Amendment) advisory committee’s note; *see also In re Grand Jury Subpoenas dated Mar. 19, 2002 & Aug. 2, 2002*, 318 F.3d 379, 384-85 (2d Cir. 2003) (holding that work product protection did “not extend to documents in an attorney’s possession that were prepared by a third party in the ordinary course of business and that would have been created in essentially similar form irrespective of any litigation anticipated by counsel”); United States v. Frederick, 182 F.3d 496, 501 (7th Cir. 1999) (document prepared by attorney
for use in tax preparation and for use in litigation not protected); Nat’l Union Fire Ins. Co. v. Murray Sheet Metal Co., 967 F.2d 980, 984 (4th Cir. 1992); Sowell v. Target Corp., No. 5:14-cv-93, 2014 WL 2208058, at *2-3 (N.D. Fla. May 28, 2014) (surveillance video that captured plaintiff’s slip and fall was not work product because it was created during the ordinary course of business; preservation of the video did not transform it into protected work product); Myer v. Nitetrain Coach Co., No. C06-804C, 2007 WL 686357 (W.D. Wash. Mar. 2, 2007) (finding insurer’s post-accident videotape discussing the design of a collapsed bed frame was not work product, as insurer’s routine duty to investigate accidents meant the tape was prepared in the ordinary course of business); SmithKline Beecham Corp. v. Pentech Pharm., Inc., No. 00 C 2855, 2001 WL 1397876, at *2 (N.D. Ill. Nov. 6, 2001) (“The threshold determination of work product generally is ‘whether, in light of the nature of the document and the factual situation in the particular case, the document can fairly be said to have been prepared for or obtained because of the prospect of litigation.’ Therefore, documents that were prepared for other reasons, such as documents created in the ordinary course of business, cannot be withheld as work product.”) (emphasis in original). But see United States v. Adlman, 134 F.3d 1194, 1204 (2d Cir. 1998) (documents prepared to inform a business decision were protected if the documents would not have been prepared but for anticipated litigation arising out of the business decision); Fitzpatrick v. Am. Int’l Grp., Inc., No. 10 Civ. 142(MHD), 2011 WL 335672, at *3 (S.D.N.Y. Jan. 28, 2011) (profit calculation documents created by KPMG were protected work product because KPMG was hired in anticipation of litigation and, absent the litigation threat by plaintiff, the defendant would have performed calculations in-house).

Attorney billing records are an example of an ordinary business record that may nevertheless be protected by the work product doctrine. Cardenas v. Prudential Ins. Co. of Am., No. Civ. 99-1422 (JRT/FLN, 99-1422/JRT/FLN), 2003 WL 21302957, at *3 (D. Minn. May 16, 2003) (holding that attorney billing records containing narrative descriptions of conversations between clients and attorneys, the subjects of legal research or internal legal memoranda, and activities undertaken on the client’s behalf prepared in anticipation of litigation are protected by attorney-client privilege and work product protection). Courts have held that “[d]ocuments prepared . . . pursuant to regulatory requirements are not classified as attorney work-product.” Syngenta Crop Prot., Inc. v. U.S. Envtl. Prot. Agency, No. 1:02CV0334, 2002 WL 31778791, at *5 (M.D.N.C. Nov. 5, 2002), rev’d in part on other grounds by 2006 WL 6654882 (M.D.N.C. Mar. 30, 2006); but see Lindon v. Kakavand, Civil Action No. 5:13-026-DCR, 2014 WL 4063821, at *2-3 (E.D. Ky. Aug. 15, 2014) (rejecting plaintiff’s argument that report of outside consultant hired to investigate an allegedly negligent medical procedure did not qualify as work product because hospital licensure rules, administrative regulations, and health care accreditation standards require such investigation and causal analysis; plaintiff failed to identify regulation that required an incident investigation report and the retention letter indicated defendant’s subjective belief that litigation was a distinct possibility); Pac. Gas & Elec. Co. v. United States, 69 Fed. Cl. 784, 808 (Fed. Cl. 2006) (reviewing in detail the various tests for the work product doctrine and holding that the adversarial aspects of proceedings before the state public utility commission and nuclear regulatory commission constituted litigation for purposes of work product doctrine).

Pre-existing documents not prepared in anticipation of litigation may not be immunized merely by transmitting them to an attorney in response to the prospect of litigation. See Brown v. Hart, Schaffner & Marx, 96 F.R.D. 64, 68 (N.D. Ill. 1982). Similarly, the mere “fact that
general counsel may be involved in oversight does not make it self-evident that the documents prepared were prepared in anticipation of litigation.” Guardsmark, Inc. v. Blue Cross & Blue Shield, 206 F.R.D. 202, 210 (W.D. Tenn. 2002) (citing Sandberg v. Va. Bankshares, Inc., 979 F.2d 332, 356 (4th Cir. 1992)). But see Triple Five of Minn., Inc. v. Simon, 212 F.R.D. 523, 528 (D. Minn. 2002) (finding that documents produced by in-house counsel were privileged where defendants had turned over hundreds of documents related to in-house counsel’s “business” function and the 10 year history of litigation or threatened litigation made it likely that documents were prepared in anticipation of litigation). However, counsel’s selection and compilation of pre-existing documents may constitute opinion work product. See Selection Of Documents As Opinion Work Product, § III.B.1.a, infra.

For purposes of applying the work product doctrine, courts differ with respect to the degree of motivation that a party must show to establish that a document was prepared in anticipation of litigation. Some courts, including the Second, Third, Fourth, Seventh, Eighth, Ninth and D.C. Circuits agree that “if in light of the nature of the document and the factual situation in the particular case, the document can fairly be said to have been prepared or obtained because of the prospect of litigation it is eligible for protection by the work-product privilege.” Resolution Trust Corp. v. Mass. Mut. Life Ins. Co., 200 F.R.D. 183, 189 (W.D.N.Y. 2001) (internal quotations omitted) (emphasis in original); see also Mattenson v. Baxter Healthcare Corp., 438 F.3d 763, 767-69 (7th Cir. 2006) (work product doctrine protected notes written by in-house counsel during meeting with plaintiff’s supervisors, even if the supervisors were not anticipating litigation, because the meeting notes were used by counsel to determine the company’s “legal vulnerabilities”); In re Grand Jury Subpoena (Mark Torf/Torf Envtl. Mgmt.), 357 F.3d 900, 907-08 (9th Cir. 2004) (adopting the “because of” standard in the Ninth Circuit); PepsiCo, Inc. v. Baird, Kurtz & Dobson LLP, 305 F.3d 813, 817 (8th Cir. 2002) (“In order to protect work product, the party seeking protection must show the materials were prepared in anticipation of litigation, i.e., because of the prospect of litigation.”); United States v. Adlman, 134 F.3d 1194, 1202-03 (2d Cir. 1998) (adopting the “because of” test in the Second Circuit); Nat’l Union Fire Ins. Co. of Pittsburgh, Pa. v. Murray Sheet Metal Co., 967 F.2d 980, 984 (4th Cir. 1992) (noting that documents must be “prepared because of the prospect of litigation”) (emphasis in original); Senate of P.R. v. U.S. Dep’t of Justice, 823 F.2d 574, 586 n.42 (D.C. Cir. 1987) (“the testing question is whether, in light of the nature of the document and the factual situation in the particular case, the document can fairly be said to have been prepared or obtained because of the prospect of litigation”) (internal citations and quotations omitted); In re Grand Jury Proceedings, 604 F.2d 798, 803 (3d Cir. 1979) (following Wright & Miller’s “because of” standard and holding that documents produced in connection with EPA administrative proceedings were protected work product even though they might not have been created specifically in connection with grand jury investigation). See also In re General Motors LLC Ignition Switch Litig., ---F.Supp.3d---, 2015 WL 221057, at *9 (S.D.N.Y. 2015) (emphasizing guidance in Adlman: “Nowhere does Rule 26(b)(3) state that a document must have been prepared to aid in the conduct of litigation in order to constitute work product, much less primarily or exclusively to aid in litigation. Preparing a document ‘in anticipation of litigation’ is sufficient.” (emphasis added)). Other courts, most notably the Fifth Circuit, have adopted the more stringent “primary motivating” factor test. See United States v. Davis, 636 F.2d 1028, 1040 (5th Cir. 1981); see also Garcia v. City of El Centro, 214 F.R.D. 587, 592 (S.D. Cal. 2003) (noting circuit split on when documents are prepared in litigation for purposes of the work product doctrine, finding no Ninth Circuit authority
rejecting “primary motivating purpose” and “substantial probability” approach, and choosing to analyze particular factual elements of instant case (citing Simon v. G.D. Searle & Co., 816 F.2d 397, 401 (8th Cir. 1987)). Each approach is discussed below.

(1) Primary Motivating Factor Test

Some courts have concluded that preparation for litigation must be the primary motivating factor underlying the creation of a document in order to invoke work product protection. See McMahon v. E. S.S. Lines, Inc., 129 F.R.D. 197, 199 (S.D. Fla. 1989). The Fifth Circuit has been the leading circuit following this approach. S. Scrap Material Co. v. Fleming, No. Civ.A. 01-2554, 2003 WL 21474516, at *5 (E.D. La. June 18, 2003) (citing In re Kaiser Aluminum & Chem. Co., 214 F.3d 586, 592 n.19 (5th Cir. 2000)). Under this test, the Fifth Circuit recognized that:

It is admittedly difficult to reduce to a neat formula the relationship between the preparation of a document and possible litigation necessary to trigger the protection of the work-product doctrine. We conclude that litigation need not necessarily be imminent, as some courts have suggested, as long as the primary motivating purpose behind the creation of the document was to aid in possible future litigation.

United States v. Davis, 636 F.2d 1028, 1039 (5th Cir. 1981) (citations omitted); Elec. Data Sys. Corp. v. Steingraber, No. 4:02 CV 225, 2003 WL 21653414, at *4 (E.D. Tex. July 9, 2003) (quoting Davis); S. Scrap Material Co., 2003 WL 21474516, at *5-6 (E.D. La. June 18, 2003) (same). “Factors that courts rely on to determine the primary motivation for the creation of a document include the retention of counsel, his involvement in the generation of the document and whether it was routine practice to prepare that type of document or whether the document was instead prepared in response to a particular circumstance.” S. Scrap Material Co., 2003 WL 21474516, at *6-7 (internal quotations omitted).

See also:


United States v. Davis, 636 F.2d 1028, 1040 (5th Cir. 1981). The test is whether the primary motivating factor behind the creation of the document was to prepare for pending or impending litigation.

Cantu v. TitleMax, Inc., No. 14-CV-628 RP, 2015 WL 5944258, at *3-5 (W.D. Tex. Oct. 9, 2015). Work product privilege did not protect letter from attorney to third-party accounting firm assessing financial risk to company posed by pending litigation, because the primary motivation for the letter was to “back up a figure on a financial balance sheet,” not to prepare a specific case for trial or negotiation.

Foret v. Transocean Offshore, Inc., No. 09-4567, 2010 WL 2732332, at *5 (E.D. La. July 6, 2010). Investigation was not primarily motivated by litigation when Transocean’s policy manual required that all accidents be investigated.
SEC v. Microtune, Inc., 258 F.R.D. 310, 319 (N.D. Tex. 2009). Court applied primary motivation test, finding that internal investigation materials generated by outside counsel were not protected because the materials would have been prepared regardless of the prospects of litigation.

Cline v. Advanced Med. Optics, Inc., No. 2:08-CV-62 (TJW), 2009 WL 585507, at *4 (E.D. Tex. Mar. 6, 2009). Primary purpose of the investigation was anticipation of litigation and, therefore, the protection applied even though defendant had mixed business and legal purposes for conducting the investigation.

Douga v. D & Boat Rentals, Inc., No. 04-1642, 2007 WL 1428678, at *4 (W.D. La. May 10, 2007). The court found that a post-accident insurance investigation was not primarily motivated by litigation, but noted facts and cases, such as a serious accident after which litigation would “inevitably” result, under which such investigations have been afforded protection under that standard.

Gator Marshbuggy Excavator L.L.C. v. M/V Rambler, No. Civ.A. 03-3220, 2004 WL 1822843, at *3 (E.D. La. Aug. 12, 2004). Holding that documents created primarily in anticipation of litigation as part of accident investigation were protected work product. Notwithstanding that affidavit supporting the claim of privilege was conclusory, other indicia of anticipation of litigation existed, including the hiring of counsel and notations in interview notes regarding the credibility of the potential witness.

Nesse v. Pitmann, 206 F.R.D. 325, 331-32 (D.D.C. 2002). Holding that, although a law firm partner’s notes were taken out of some generalized concern over future litigation, the “primary purpose” was not trial preparation or anticipation of litigation, and thus zone of privacy concerns were not implicated and work product doctrine was inapplicable.

In re Subpoena Duces Tecum served on Wilkie Farr & Gallagher, No. M8-85 (JSM), 1997 WL 118369, at *2 (S.D.N.Y. Mar. 14, 1997). Law firm was compelled to produce audit committee documents generated in connection with internal investigation. Court ruled that “[t]he investigation was necessary to maintain the integrity of the financial reports of a publicly-held corporation and the documents were prepared primarily for business purposes. Where primary motivation for the creation of work-product is other than litigation, the work-product doctrine does not apply.”


Gottlieb v. Wiles, 143 F.R.D. 241 (D. Colo. 1992). Document qualifies for work product protection if it was created with the primary motivating purpose of preparing for litigation.


In assessing whether preparation for litigation was the primary motivating factor, some courts have found that the timing of the preparation of the document is a factor to be considered. See, e.g., Playtex, Inc. v. Columbia Cas. Co., No. C.A. 88C-MR-233-1-CV, 1989 WL 5197, at *3 (Del. Super. Ct. Jan. 5, 1989). Many of these cases involve the issue of whether insurance investigations following an accident are for business purposes or in anticipation of litigation and therefore privileged.
Compare:


APL Corp. v. Aetna Cas. & Sur. Co., 91 F.R.D. 10, 21 (D. Md. 1980). Routine investigations into indemnity claims are not carried out in anticipation of litigation but instead as part of normal business practices of an insurance company.

With:

Carver v. Allstate Ins. Co., 94 F.R.D. 131, 133-35 (S.D. Ga. 1982). Information gathered by the fire loss investigator of an insurance company was protected work product since the activity had shifted from mere claim evaluation to a strong anticipation of litigation.

See also:

In re Prof’ls Direct Ins. Co., 578 F.3d 432 (6th Cir. 2009). Court denied writ of mandamus where magistrate judge, applying “because of litigation” test, held that documents created for dual purpose of analyzing coverage and preparing for litigation may not be protected. Magistrate judge ordered production of claim file materials, including emails between the insurer and its outside counsel, and correspondence between the insurer and its reinsurers regarding coverage decision.

(2) “Because Of” Test

A majority of courts have adopted the less stringent “because of” test for determining whether materials were prepared in anticipation of litigation. See In re Grand Jury Subpoena, 357 F.3d 900, 908-09 (9th Cir. 2004); Maine v. U.S. Dep’t of the Interior, 298 F.3d 60, 69 (1st Cir. 2002); United States v. Adlman, 134 F.3d 1194, (2d Cir. 1998); Nat’l Union Fire Ins. Co. v. Murray Sheet Metal Co., 967 F.2d 980, 984 (4th Cir. 1992); Binks Mfg. Co. v. Nat’l Presto Indus., Inc., 709 F.2d 1109, 1118-19 (7th Cir. 1983); Simon v. G.D. Searle & Co., 816 F.2d 397, 401 (8th Cir. 1987), cert. denied, 484 U.S. 917 (1987); Senate of P.R. v. U.S. Dep’t of Justice, 823 F.2d 574, 586 n.42 (D.C. Cir. 1987); In re Grand Jury Proceedings, 604 F.2d 798, 803 (3d Cir. 1979). Under this approach, often attributed to the Wright & Miller treatise on civil procedure, courts will find the work product doctrine applicable if, in light of the nature of the document and the factual situation in the particular case, the document “can fairly be said to have been prepared or obtained because of the prospect of litigation.” 8 CHARLES ALAN WRIGHT, ET AL., FEDERAL PRACTICE & PROCEDURE § 2024 (3d ed. West 2019) (emphasis added). In application, courts have noted that the import of this approach is that the work product doctrine will apply even if there is a dual purpose for the creation of the materials to be protected. See, e.g., United States v. Roxworthy, 457 F.3d 590, 599 (6th Cir. 2006) (reversing district court’s order granting IRS summons and remanding with instructions to grant defendant’s motion to quash). Additional cases adopting the “because of” approach to determining whether a document was prepared in anticipation of litigation include the following:

Nat’l Assoc. of Criminal Defense Lawyers v. U.S. Dep’t of Justice Exec. Office for United States Attorneys, 844 F.3d 246, 251-56 (D.C. Cir. 2016). Federal Criminal Discovery Blue Book, a manual created by the Department to guide federal prosecutors in the practice of discovery in criminal prosecutions, satisfied the “because of” test for determining whether it was prepared for use in
litigation—and thus was protected as work product—even though it was not prepared in anticipation of litigating any specific claim or case.

United States v. Richey, 632 F.3d 559, 567-68 (9th Cir. 2011). With no evidence that the appraisal work file would have been prepared differently in the absence of prospective litigation, the work file could not be said to have been created because of litigation.

United States v. Deloitte LLP, 610 F.3d 129, 138-39 (D.C. Cir. 2010). An auditor-created document determining appropriate litigation reserves was created “because of” litigation, even if created in the course of an audit.

Sandra T.E. v. S. Berwyn Sch. Dist., 600 F.3d 612 (7th Cir. 2010). Factual investigation materials prepared by outside counsel of the school board were protected by the work product doctrine since the investigation was conducted “because of” litigation against the school district, with which the school board anticipated being involved.

In re Prof’ls Direct Ins. Co., 578 F.3d 432, 440 (6th Cir. 2009). Applying the “because of” test, the court held that documents created for the dual purpose of analyzing coverage and to prepare for litigation may not be protected and affirmed the order to disclose.

In re Grand Jury Subpoena, 357 F.3d 900, 908-09 (9th Cir. 2004). Adopting the “because of” test in analyzing the “in anticipation of litigation” element of the work product doctrine. Documents prepared for a “clear, readily separable business purpose” should not be given protection, but dual purpose documents may be privileged if they were created in the first instance for the purpose of rendering legal advice and do not have a readily separable purpose unrelated to the provision of legal advice.

PepsiCo, Inc. v. Baird, Kurtz & Dobson LLP, 305 F.3d 813, 817 (8th Cir. 2002). “In order to protect work-product, the party seeking protection must show the materials were prepared in anticipation of litigation, i.e., because of the prospect of litigation.”

United States v. Adlman, 134 F.3d 1194, 1202 (2d Cir. 1998). Documents prepared to inform a business decision regarding a proposed merger were protected. The test is whether “in light of the nature of the document and the factual situation in the particular case, the document can fairly be said to have been prepared or obtained because of the prospect of litigation.”

Tri-State Generation & Transmission Ass’n, Inc. v. Mitsubishi Int’l Corp., No. CV-14-08115-PCT-NVM, 2016 WL 3854455, at *2-4 (D. Ariz. July 15, 2016). Application of the “because of” standard requires consideration of the totality of the circumstances in order to determine whether the document would have been created in a substantially similar form “but for” the prospect of litigation. Plaintiffs failed to show that root cause report prepared after electric generator failure would not have been created in substantially similar form but for the prospect of litigation.

Assured Guar. Mun. Corp. v. UBS Real Estate Sec. Inc., Nos. 12 Civ. 1579(HB)(JCF), 12 Civ. 7322(HB)(JCF), 2013 WL 1195545, at *9 (S.D.N.Y. Mar. 25, 2013). Documents were outside the scope of work product protection. The documents would have been created absent any threat of litigation; their preparation was required as part of the ordinary course of business. Party failed to demonstrate that the work was created because of litigation.

DeWitt v. Walgreen Co., No. 4:11-cv-00263-BLW, 2012 WL 3837764, at *5 (D. Idaho Sept. 4, 2012). Preliminary drafts of an “Immunizer Policy” were discoverable because Walgreens failed to show more than a remote possibility of litigation at the time the policy was drafted. Additionally, Walgreens failed to show that policy was drafted because of the prospect of litigation.
Gruenbaum v. Werner Enters., Inc., 270 F.R.D. 298, 304 (S.D. Ohio 2010). The fact that information created because of litigation may also serve other purposes does not deprive that information of its character as work product.

Lewis v. Wells Fargo & Co., 266 F.R.D. 433, 440-41 (N.D. Cal. 2010). Internal audits were not created “because of” litigation since they would have been created in substantially similar form even if no litigation was anticipated.

Vacco v. Harrah’s Operating Co., No. 1:07-CV-0663 (TJM/DEP), 2008 WL 4793719, at *6-7 (N.D.N.Y. Oct. 29, 2008). Applying “because of” test, court held that audit letters prepared by counsel at the request of a company’s auditors are protected by the work product doctrine and disclosure of pre-existing work product by the company to its auditors does not waive otherwise applicable work product protections.

In re Cardinal Health, Inc. Sec. Litig., No. C2 04 575 ALM, 2007 WL 495150, at *5 (S.D.N.Y. Jan 26, 2007). Investigation and presentation materials of outside law firm hired by a corporation’s audit committee to determine compliance with accounting laws was held to be protected work product where firm was hired after government regulators expressed a concern about the company’s practices.

In re Vecco Instruments, Inc. Sec. Litig., No. 05 MD 1695(CM)(GAY), 2007 WL 210110, at *1-2 (S.D.N.Y. Jan 25, 2007). Internal investigation by outside counsel and a forensic accounting firm of a company’s financial statements was protected work product where outside attorney averred that he was contacted regarding legal advice and anticipated that a restatement would be required, which would result in litigation.


In re Gabapentin Patent Litig, 214 F.R.D. 178, 184 (D.N.J. 2003). Interpreting “because of” test as whether the material was produced because of the prospect of litigation and for no other purpose.

Cobell v. Norton, 212 F.R.D. 24, 31 (D.D.C. 2002). “The D.C. Circuit has never required that documents must be shown to have been prepared solely or primarily in anticipation of litigation. Rather, this circuit is in accord with the vast majority of circuits which have held that ‘the testing question is whether, in light of the nature of the document and the factual situation in the particular case, the document can fairly be said to have been prepared or obtained because of the prospect of litigation.’”

Mission Nat’l Ins. Co. v. Lilly, 112 F.R.D. 160, 164 (D. Minn. 1986). If preparation for litigation was any part of the motivation for producing a report, then the report is work product.

But see:

In re Raytheon Sec. Litig., 218 F.R.D. 354, 357-59 (D. Mass. 2003). Reviewing different tests for satisfying the anticipation of litigation requirement, but concluding that, even under the “but for” test, materials prepared by an attorney for outside auditor for opinion letter were not protected where they were prepared pursuant to a legal requirement.

(3) “For Use In Litigation” Test

The First Circuit has adopted an even narrower, and controversial, “for use in litigation” test. United States v. Textron, Inc., 577 F.3d 21 (1st Cir. 2009) (en banc). In Textron, the
court held that tax accrual workpapers, prepared in consultation with the company’s attorneys, which analyzed various tax positions asserted by the company, assessed the likelihood that the positions would prevail in the event of an IRS audit, and established contingent tax reserve liabilities for each position, were not protected by the work product doctrine because they were not prepared for use in litigation. \textit{Id.} at 32. Textron subsequently petitioned the United States Supreme Court for a writ of certiorari.

In Textron’s petition for certiorari to the Supreme Court, the company argued that the First Circuit adopted “an unprecedentedly narrow interpretation” of the work product doctrine. Petition for Writ of Certiorari, \textit{Textron v. United States}, No. 09-750, 2009 WL 5115221, at *11 (Dec. 24, 2009). Textron argued that the First Circuit’s approach threatens to chill counsel’s willingness to provide candid analysis of potential litigation for fear that a court may deem the documents not protected where the documents also serve a business purpose. \textit{Id.} at *22, 29. The petition noted that nine other appellate courts have enunciated “inconsistent (but uniformly broader) views of the privilege’s scope.” \textit{Id.} Numerous organizations, including the American Bar Association (“ABA”) and the Association of Corporate Counsel filed amicus curiae briefs urging the court to grant the petition and clarify the boundaries of the work product doctrine.

In its amicus brief, the ABA stated that the “uncertain environment adversely affects the ability of attorneys to provide their clients with responsible legal counsel,” ABA Amicus Brief, \textit{Textron Inc. v. United States}, No. 09-750, 2010 WL 342156, at *4 (Jan. 27, 2010), and that “the circuit split has placed attorneys in the untenable position of deciding whether to create work product when it may be privileged in one jurisdiction but not in another.” \textit{Id.} at *6. The ABA asked the court to overturn the First Circuit’s ruling and to “clarify that the scope of the attorney work product privilege is limited to materials prepared solely ‘for use in litigation’ . . . but also encompasses materials that are prepared to serve both a litigation and a business purpose.” \textit{Id.} (internal citations omitted).

Despite these arguments in support of granting the writ, on May 24, 2010, the United States Supreme Court declined to review the First Circuit’s en banc ruling on work product in \textit{United States v. Textron}, 577 F.3d 21 (1st Cir. 2009), \textit{cert. denied}, 130 S.Ct. 3320 (2010).

c. Using Previously Prepared Documents In Subsequent Litigation

When documents have been prepared in anticipation of litigation, but not in anticipation of the litigation in which work product protection is asserted, many courts have held that the documents should be treated as work product. \textit{See, e.g., Frontier Ref. Inc. v. Gorman-Rupp Co.}, 136 F.3d 695, 703-05 (10th Cir. 1998); \textit{In re Grand Jury Proceedings, 43 F.3d 966, 971 (5th Cir. 1994); In re Murphy, 560 F.2d 326, 334-35 (8th Cir. 1977); United States v. Legget & Platt, Inc.}, 542 F.2d 655, 659-60 (6th Cir. 1976); \textit{Duplan Corp. v. Moulinage et Retorderie de Chavanoz}, 487 F.2d 480, 483-84 (4th Cir. 1973); \textit{Eagle-Picher Indus. Inc. v. United States}, 11 Cl. Ct. 452, 457 (Cl. Ct. 1987). Put another way: “The work product privilege extends beyond the termination of litigation.” \textit{Pamida, Inc. v. E.S. Originals, Inc.}, 281 F.3d 726, 731 (8th Cir. 2002) (citing \textit{In re Murphy}, 560 F.2d at 334); \textit{Aktiebolag v. Andrx Pharm., Inc.}, 208 F.R.D. 92, 104 (S.D.N.Y. 2002) (“Generally, work product immunity continues to protect
documents even when the litigation is completed.”). “However, ‘[t]o the extent that the need for protection of work-product does decrease after the end of a suit, that fact might in some cases lower the threshold for overcoming the work-product barrier.’” Aktiebolag, 208 F.R.D. at 104 (quoting FTC v. Grolier, Inc., 462 U.S. 19, 31 (1983) (Brennan, J., concurring)). Thus, the initial preparation of the document must have been in anticipation of the initial litigation, but whether the subsequent litigation was anticipated is irrelevant. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 136 cmt. j (Proposed Final Draft No. 1, 1996). Citing dicta from the Supreme Court, another court explained: “Rule 26 does not indicate that work product protection is confined to materials specifically prepared for the litigation in which they are sought. Instead, work product remains protected even after the termination of the litigation for which it was prepared.” In re Grand Jury (00-2H), 211 F. Supp. 2d 555, 560 (M.D. Penn. 2001) (citing FTC v. Grolier, Inc., 462 U.S. 19, 25 (1983)).

Compare:

Hobley v. Burge, 433 F.3d 946, 950 (7th Cir. 2006). Non-party law firm that represented defendant in previous, unrelated matter was in possession of documents that were responsive to document requests served on the defendant. The Seventh Circuit held that the law firm had an independent right to assert the work product protection and that the right could only be waived by its client (i.e., the defendant). The first firm’s failure to provide a privilege log did not waive its protection because its duty to assert the protection was not triggered until the plaintiff directly subpoenaed the law firm for the documents.

In re Grand Jury Proceedings, 43 F.3d 966, 971 (5th Cir. 1994). Documents prepared for an earlier litigation remained protected for purposes of a subsequent grand jury investigation.

In re Grand Jury Subpoena Dated Nov. 8, 1979, 622 F.2d 933, 935 (6th Cir. 1980). Documents prepared for an earlier grand jury investigation were protected in a second grand jury investigation of the same matter.

Jumper v. Yellow Corp., 176 F.R.D. 282, 286 (N.D. Ill. 1997). Work product protection applied to documents prepared in preparation of a grievance proceeding directly related to the subsequent arbitration proceeding in which production of the documents was requested.

Liberty Envtl. Sys., Inc. v. Cnty. of Westchester, No. 94CIV.7431(WK)(MHD), 1997 WL 471053, at *7 (S.D.N.Y. Aug. 18, 1997). “The fact that a document was prepared in anticipation of one litigation does not preclude the application of the work-product rule in another litigation.” Documents prepared in anticipation of a prior environmental law enforcement proceeding remained protected in a subsequent suit arising out of one party’s effort to comply with a consent decree that the parties entered into at the conclusion of the prior proceeding.

High Plains Corp. v. Summit Res. Mgmt., Inc., No. 96-1105-FGT, 1997 WL 109659, at *2 (D. Kan. Feb. 12, 1997). “The work product rule protects materials prepared for any litigation or trial so long as they were prepared by or for a party to the subsequent litigation.”


With:

Research Inst. for Med. & Chem., Inc. v. Wis. Alumni Research Found., 114 F.R.D. 672, 680 (W.D. Wis. 1987). Work product immunity only applies in the litigation for which the materials were prepared.

Some courts have permitted protection in subsequent litigation but only if the subsequent case is related to the case for which the work product was created. The Restatement and a majority of courts reject this relatedness requirement. See Restatement (Third) of the Law Governing Lawyers § 87 cmt. j (2000).

Compare:


In re Murphy, 560 F.2d 326, 335 (8th Cir. 1977). Subsequent litigation not required to be related in order to maintain work product protection.


With:

In re Grand Jury Proceedings, 604 F.2d 798, 803 (3d Cir. 1979). Documents protected by work product immunity in subsequent litigation that is closely related to the first.


Hercules, Inc. v. Exxon Corp., 434 F. Supp. 136 (D. Del. 1977). Documents prepared for one case are protected in a subsequent case if the second case is closely related to the first case.

And:


B. ORDINARY AND OPINION WORK PRODUCT

Courts divide work product into two general types: opinion work product (sometimes referred to as “core” work product) and ordinary work product. Both types of work product are addressed by Federal Rule of Civil Procedure 26(b)(3). As one court explained:

Following the contours of the Hickman decision, Rule 26 protects attorney work-product by commanding that a party may obtain discovery of documents and tangible things prepared in anticipation of litigation or for
trial. However, discovery is allowed, “only upon a showing [of] . . . substantial need of the materials in preparation of the party’s case and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means.” This first sentence of the provision refers to “ordinary” work-product. The second sentence of the provision further requires that the court “protect against disclosure of the mental impressions, conclusions, opinion, or legal theories of an attorney or other representative of a party concerning the litigation.” Courts often refer to this provision as “core” work-product.


1. Opinion Work Product

Opinion work product is defined as material prepared by an attorney that contains “mental impressions, conclusions, opinions, or legal theories of [an] attorney.” See FED. R. CIV. P. 26(b)(3) (requiring courts to “protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of a party’s attorney or other representative of a party concerning the litigation”). More specifically, opinion work product consists of the attorney’s interpretation of legal theories and the application of the facts to those theories, rather than the bare facts or legal theories alone. See In re Vitamins Antitrust Litig., 211 F.R.D. 1, 4 (D.D.C. 2002) (“Opinion work-product contains the opinions, judgments, and thought processes of counsel and receives almost absolute protection from discovery.”) (quotations omitted).

Opinion work product encompasses not only the attorney’s mental impressions, but also the mental processes of persons assisting in trial preparation such as paralegals, investigators, consultants, or law office personnel. See FED. R. CIV. P. 26(b)(3) advisory committee’s note (mentioning protection of mental impressions and subjective evaluations of investigators and claim-agents); In re Cendant Corp. Securities Litigation, 343 F.3d 658, 667 (3d Cir. 2003) (holding that litigation consultant’s advice was opinion work product); In re Payment Card Interchange Fee and Merchant Discount Antitrust Litig., No. 05-MD-1720 (MKB), 2018 WL 1162552, at *11 (E.D.N.Y. Feb. 26, 2018) (non-attorney’s materials were protected opinion work product); Va. Elec. & Power Co. v. Sun Shipbuilding & Dry Dock Co., 68 F.R.D. 397, 402 (E.D. Va. 1975) (finding that impressions and opinions of person hired by an attorney are part of the attorney’s work product). Opinion work product receives heightened protection and is discoverable, if at all, only upon a showing of extraordinary need.

Opinion work product includes, among other things, memoranda that contain analysis of law or fact, evaluations of trial strategy, perceived strengths and weaknesses in a case, intended lines of proof, cross-examination plans, and the inferences drawn by the lawyer. See Upjohn Co. v. United States, 449 U.S. 383, 339-402 (1981). Courts emphasize that the determining consideration is whether disclosure of such documents will reveal “the thought
process the Supreme Court in Hickman held to be inviolate.” Raytheon Aircraft Co. v. U.S. Army Corps of Eng’rs, 183 F. Supp. 2d 1280, 1291 (D. Kan. 2001).

See also:

- In re Sealed Case, 676 F.2d 793, 811 (D.C. Cir. 1982). Transcript of a cassette tape dictated by an attorney can be opinion work product.

- In re Grand Jury Subpoena Dated Nov. 8, 1979, 622 F.2d 933, 935 (6th Cir. 1980). Opinion work product includes an attorney’s legal strategy.


- Ross v. Abercrombie & Fitch Co., Nos. 2:05-cv-0819, 2008 WL 821059 (S.D. Ohio Mar. 24, 2008). Plaintiff did not have to answer an interrogatory requesting the identity of each person, each document, or each other source of information that supported specific allegations of the complaint, because it would force plaintiff to disclose protected opinion work product.


- Banks v. Office of Senate Sergeant-at-Arms, 222 F.R.D. 1, 4 (D.D.C. 2004). “The federal courts also protect work product even if it has not been memorialized in a document. Questions of a witness that would disclose counsel’s mental impressions, conclusions, opinions, or legal theories may be interdicted to protect ‘intangible work product.’”

- Alexander v. FBI, 198 F.R.D. 306, 313 (D.D.C. 2000). While written notes of witness interviews are opinion work product, memorializations of conversations with third parties are ordinary work product discoverable upon a showing of substantial need and undue hardship.

- Chamberlain Mfg. Corp. v. Maremont Corp., No. 90 C 7127, 1993 WL 11885 (N.D. Ill. Jan. 19, 1993). Interview memoranda containing the thoughts or mental impressions of attorney and which are not verbatim transcripts of the interview are protected.


But see:

- ARA Inc. v. City of Glendale, No. CV-17-02512-PHX-GMS, 2018 WL 2688773, at *2 (D. Ariz. June 5, 2018). Draft affidavits were not protected where defendant failed to demonstrate that they reflected counsel’s mental impressions or theories.

- Bagley v. Yale Univ., 318 F.R.D. 234, 240 (D. Conn. 2016). Where plaintiff in Title VII and ADEA action against university had filed a motion to compel discovery in aid of a possible spoliation motion,
court held that litigation hold notice did not implicate protections for attorneys’ mental processes and was not protected by the work product doctrine.

In re HealthSouth Corp. Sec. Litig., 250 F.R.D. 8, 12-13 (D.D.C. 2008). Notes taken by attorneys during interviews of their client by federal agents were fact work product, not opinion work product, did not shape the topics covered or frame the questions asked, and did not weed out the material in any way that would reveal attorney thought processes, and, in light of substantial need, were not protected.

Redvanly v. NYNEX Corp., 152 F.R.D. 460, 466 (S.D.N.Y. 1993). In-house counsel’s notes of meeting in which an executive was fired were not opinion work product since the notes were not mental impressions but merely a “running transcript of the meeting in abbreviated form.”

a. Selection Of Documents As Opinion Work Product

Most courts recognize that an attorney’s compilation of particular documents reflects her mental processes. Thus, courts sometimes treat such compilations or distillations as opinion work product, even if such compilations are composed of non-work product materials. See In re Allen, 106 F.3d 582, 608 (4th Cir. 1997); Restatement (Third) of the Law Governing Lawyers § 87 cmt. f (2000). However, other courts find the “selection and compilation” exception to the normal rule that third-party documents are not protected by the work product doctrine to be a narrow one, requiring “the party asserting the privilege [to] show a real, rather than speculative, concern that counsel’s thought processes in relation to pending or anticipated litigation will be exposed through disclosure of the compiled documents.” In re Grand Jury Subpoenas Dated Mar. 19, 2002 & Aug. 2, 2002, 318 F.3d 379, 385 (2d Cir. 2003) (citation omitted). Courts sometimes apply a two-part test to determine whether an attorney’s selection of documents is protected by the work product doctrine. Hambarian v. Comm’r of Internal Rev., 118 T.C. 565, 570 (2002). Under that test, “a court should first determine that (1) disclosure of the documents would create a real, nonspeculative danger of revealing the lawyer’s thoughts, and (2) the lawyer had justifiable expectation that such mental impressions revealed by the materials would remain private.” Id. at 570.

Courts may be less likely to protect the selection and compilation of documents where the volume of documents is large. In SEC v. Collins & Aikman Corp., 256 F.R.D. 403 (S.D.N.Y. 2009), the defendant requested 54 categories of documents from the SEC. In response, the SEC produced 1.7 million documents (10.6 million pages) from 36 separate databases that had been collected from numerous parties during the SEC’s investigation. Id. at 406. Although the defendant requested that the SEC identify to which request each document was responsive, and although SEC attorneys and others had already organized the electronic documents into 175 folders correlating to the factual contentions in the SEC’s complaint, the SEC refused to provide that information. Id. at 408. The court noted that, in the Second Circuit, while the selection and compilation of documents can fall within the protection of the work product doctrine, that protection is “narrow,” and aimed only at preventing requests with “the precise goal of learning what the opposing attorney’s thinking or strategy may be.” Id. Here, the SEC’s organization was not opinion work product because the documents were organized by facts alleged in the complaint, and not by legal theory or strategy. Id. at 410. Moreover, even if the compilation had been opinion work product, defendant had demonstrated substantial need and undue hardship that justified discovery of any SEC work product. Id. Although defendant could do keyword searches, “the inaccuracy of such searches is by now relatively well known.” Id. at 411. Further, a “page-by-page

Compare:

Gould Inc. v. Mitsui Mining & Smelting Co., 825 F.2d 676, 680 (2d Cir. 1987). Compilation of materials constitutes opinion work product. Sporck v. Peil, described below, may not apply to protect compilations by counsel when the files from which the documents were selected are not available to the opposing party.

Shelton v. Am. Motors Corp., 805 F.2d 1323, 1329 (8th Cir. 1986). Compilation of materials constitutes work product since it reflects attorney’s legal strategy and opinions.

Sporck v. Peil, 759 F.2d 312, 315-17 (3d Cir. 1985). Selection process can create opinion work product even though the documents themselves do not qualify for work product protection.

In re Yasmin & Yaz (Drospirenone) Mktg., Sales Practices & Relevant Prods. Liab. Litig., No. 09 md 02100, 2011 WL 2580764, at *1-2 (S.D. Ill. June 29, 2011). Where all of the documents had been produced in discovery, a deponent is not required to identify which documents counsel asked the deponent to review to prepare for the deposition because that would reveal counsel’s mental impressions. However, court required defendant to identify the documents that each deponent had reviewed in preparation for deposition, so long as the identification did not reveal which, if any, documents were selected by counsel.

Am. Nat’l Red Cross v. Travelers Indem. Co., 896 F. Supp. 8 (D.D.C. 1995). A Rule 30(b)(6) witness was not required to testify regarding all of the facts supporting an affirmative defense where his testimony would be based on counsel’s selection and compilation of documents and transcripts produced during discovery. The compiled materials were work product and disclosure would invade counsel’s defense plan.


Berkey Photo Inc. v. Eastman Kodak Co., 74 F.R.D. 613, 616 (S.D.N.Y. 1977). Noting that, if documents were merely arranged in broad categories or if a nonparty had indexed his own documents, then the compilation would not reveal any attorney thoughts and would not be protected. Attorney must index the materials so as to highlight their importance to the case.

With:

In re Grand Jury Subpoenas, 959 F.2d 1158 (2d Cir. 1992). Government sought phone records which law firm had gathered in earlier representation of client. Court recognized that the selection of documents can constitute work product. However, court concluded that the requested documents would
be sufficiently voluminous to minimize disclosure of the documents which the attorney thought were important. Moreover, many of the records were no longer obtainable from other sources. Court therefore ordered disclosure.

In re San Juan Dupont Plaza Hotel Fire Litig., 859 F.2d 1007, 1015-17 (1st Cir. 1988). In a complex litigation case, selection and compilation of 70,000 documents out of millions of documents did not constitute opinion work product but did constitute ordinary work product.

In re Neurontin Antitrust Litig., No. 02-1390(FSH), 2011 WL 253434 (D.N.J. Jan. 25, 2011). Counsel’s outline, composed after sifting through millions of documents, constituted ordinary work product, which was subsequently waived.

Coryn Group II, LLC v. O.C. Seacrets, Inc., 265 F.R.D. 235, 241 (D. Md. 2010). The fact that an attorney advised a corporate representative to collect factual information for which the representative was designated as a deponent did not make a fact compilation work product.

In re Trasylol Prods. Liab. Litig., No. 08-MD-1928, 2009 WL 936597, at *4 (S.D. Fla. Apr. 7, 2009). Court rejected the Sporck doctrine, adopted by the Third Circuit, and followed a narrower approach requiring that the party asserting work product over a selection of documents produce evidence that the disclosure of the requested documents “creates a real, non-speculative danger of revealing counsel’s thoughts.” Court found the defendant had not made this showing.


In re Air Crash Disaster Near Warsaw, Poland on May 9, 1987, No. MDL 787, 1996 WL 684434, at *2 (E.D.N.Y. Nov. 19, 1996) (internal quotation and citation omitted). Selection and compilation of documents constitutes opinion work product only if there is a “real, rather than speculative, concern that the thought processes of . . . counsel in relation to pending or anticipated litigation would be exposed.”


In re Search Warrant for Law Offices Executed on Mar. 19, 1992, 153 F.R.D. 55, 58 (S.D.N.Y. 1994). The identity of files seized from a law firm pursuant to a search warrant was not opinion work product. The court found the argument that the firm had chosen them from corporate files “slightly frivolous.”

In re Conner Bonds Litig., No. 88-1-H, 1989 WL 67334 (E.D.N.C. Feb. 7, 1989). The organization of documents provided by a client does not create work product where the documents were not prepared by counsel in anticipation of litigation and thus were not otherwise protected by the work product doctrine.
Hambarian v. Comm’r of Internal Rev., 118 T.C. 565, 570 (T.C. 2002). Attorney’s selection of more than 10,000 documents out of a larger group did not disclose attorney’s mental processes and thus was not protected by the work product doctrine.

See also:

United States ex rel. Bagley v. TRW, Inc., 212 F.R.D. 554, 564 (C.D. Cal. 2003). If work product doctrine properly applies to attorney’s selection of documents, then doctrine also protects attorney’s narrative description of facts, when prepared in anticipation of litigation.

Barrett Indus. Trucks, Inc., v. Old Republic Ins. Co., 129 F.R.D. 515, 518-19 (N.D. Ill. 1990). Work product doctrine prevents defendant from asking plaintiff’s consultant what questions his attorney had asked him or the topic to which the majority of his attorney’s questions were directed. Court noted that a party can ask about any facts conveyed to the consultant and the origin of those facts.

b. Legal Theories By Themselves Are Not Opinion Work Product.

Federal Rule of Civil Procedure 26(b)(3) is somewhat misleading when it uses the term “legal theories,” because the work product doctrine does not protect pure legal theories. Legal theories are freely discoverable and do not constitute work product. See Fed. R. Civ. P. 33(b) (allowing discovery of legal theories through interrogatories); Fed. R. Civ. P. 36(a) (permitting discovery of legal theories through a request for admission). Instead, opinion work product is comprised of the lawyer’s interpretation, strategy, and perceptions of legal theories. Opinion work product includes legal theories only when such theories are entwined with the attorney’s strategies, impressions, or his application of the facts. See Note, The Work Product Doctrine, 68 Cornell L. Rev. 760, 842-43 (1983).

2. Ordinary Work Product

In practice, courts usually define ordinary work product in the negative: Ordinary work product is all attorney-originated materials that are not opinion work product (and therefore do not contain the mental impressions, conclusions, or opinions of the attorney). See In re Doe, 662 F.2d 1073, 1076 n.2 (4th Cir. 1981) (ordinary work product consists of those documents prepared by an attorney that do not contain mental impressions, conclusions or opinions of the attorney); Iowa Prots. & Advocacy Servs., Inc., 206 F.R.D. 630, 640 (S.D. Iowa 2001) (“The rule establishes a qualified immunity for ordinary work product that does not contain the mental impressions, conclusions or opinions of the attorney.”). Other courts note that “[o]rdinary work-product generally consists of primary information, such as verbatim witness testimony or objective data collected by or for a party or a party’s representative.” Robinson v. Tex. Auto. Dealers Ass’n, 214 F.R.D. 432, 441, vacated in part on other grounds, No. Civ.A. 5:97-CV-273, 2003 WL 21909777, at *1 (E.D. Tex. July 28, 2003). Ordinary work product commonly takes the form of witness statements, factual eyewitness information, investigative reports, photographs, diagrams, sketches, and memoranda or recordings (stenographic, mechanical or electronic) prepared in anticipation of litigation. See, e.g., 8 Charles Alan Wright, Et Al., Federal Practice & Procedure § 2024 (3d ed. West 2019).
See also:

Feacher v. Intercont’l Hotels Grp., No. 3:06-CV-0877 (TJM/DEP), 2007 WL 3104329 (N.D.N.Y. Oct. 22, 2007). Holding that the transcript of a witness interview conducted by a non-attorney investigator was protected work product.


In re Grand Jury Subpoena Dated Nov. 9, 1979, 484 F. Supp. 1099, 1102 n.2 (S.D.N.Y. 1980). Tape recordings made by an attorney can constitute work product.

Galambus v. Consol. Freightways Corp., 64 F.R.D. 468, 473 (N.D. Ind. 1974). Recognizing that sketches and diagrams can constitute work product (and implying that photographs would be similarly treated).

In re AE Liquidation, Inc., Bankr. No. 08-13031 (MFW), Adversary Nos. 10-55460 (MFW), 10-55384(MFW), 2012 WL 6139950, at *4 (Bankr. D. Del. Dec. 11, 2012). Affidavits and communications between attorneys and witnesses were considered ordinary work product. The court ruled that it was unlikely attorneys shared their opinions or strategy with the witnesses.

a. Underlying Facts By Themselves Are Not Protected.

As with legal theories in the case of opinion work product, the work product doctrine does not protect the bare facts underlying a case, but instead protects only the attorney’s interpretation of those facts. See Note, The Work Product Doctrine, 68 CORNELL L. REV. 760, 842-43 (1983). Thus, while the work product doctrine will generally protect a document prepared by an attorney, it does not protect the underlying facts that are contained in the document. See Hickman, 329 U.S. at 511-13; Resolution Trust Corp. v. Dabney, 73 F.3d 262, 266 (10th Cir. 1995); Infosystems, Inc. v. Ceridian Corp., 197 F.R.D. 303, 306-07 (E.D. Mich. 2000); 8 CHARLES ALAN WRIGHT, ET AL., FEDERAL PRACTICE & PROCEDURE § 2023 (3d ed. West 2019). Courts will permit a party to question a witness on information contained within a protected document reasoning that “where an attorney is ‘incisive enough to recognize and question’ an opposing party on facts contained in protected documents, ‘the fear that opposing counsel’s work product would be revealed would thus become groundless.’” Koch Materials Co. v. Shore Slurry Seal, Inc., 208 F.R.D. 109, 121-22 (D.N.J. 2002) (internal citation omitted).

See also:

In re Grand Jury Proceedings, 616 F.3d 1172, 1185 (10th Cir. 2010). Because the party sought only factual confirmation concerning events the attorney personally witnessed, the party was not seeking protected work product.

Bogosian v. Gulf Oil Corp., 738 F.2d 587, 595 (3d Cir. 1984). Where the same document contains both facts and legal theories of an attorney, an adverse party can discover the facts. If facts and impressions are intertwined the document can be redacted.
In re Int’l Sys. & Controls Corp. Sec. Litig., 693 F.2d 1235, 1240 (5th Cir. 1982). Work product doctrine protects the documents themselves but not the underlying facts.

Loctite Corp. v. Fel-Pro, Inc., 667 F.2d 577, 582 (7th Cir. 1981). Technical information in a document is discoverable while legal advice in the same document would be immune.

In re Murphy, 560 F.2d 326, 336 n.20 (8th Cir. 1977). Under Federal Rule of Civil Procedure 26(b)(3), “any relevant facts contained in non-discoverable opinion work-product are discoverable upon a proper showing.”

Norflet v. John Hancock Fin. Servs., Inc., No. 3:04cv1099 (JBA), 2007 WL 433332, at *3 (D. Conn. Feb. 5, 2007). Identities of defendant’s two former employees interviewed by plaintiff were discoverable where disclosure would provide “little, if any, insight” into opposing counsel’s trial strategy and plaintiff had not provided defendant with a list of potential witnesses as required by Rule 26(b)(1). The court noted the distinction between the identities of witnesses having discoverable information, which are not work product, and the identities of persons interviewed by counsel, which are.

S. Scrap Material Co. v. Fleming, No. Civ.A. 01-2554, 2003 WL 21474516, at *5 (E.D. La. June 18, 2003). Surveillance video, to the extent that it was at all substantive evidence, should be disclosed along with any unannotated documents that contain raw data or other purely factual matters.

Garcia v. City of El Centro, 214 F.R.D. 587, 591 (S.D. Cal. 2003). “However, because the work-product doctrine is intended only to guard against the divulging of attorney’s strategies and legal impressions, it does not protect facts concerning the creation of work-product or fact contained within the work-product. Only when a party seeking discovery attempts to ascertain facts, which inherently reveal the attorney’s mental impression, does the work-product protection extend to the underlying facts.”

In re Bank One Sec. Litig., 209 F.R.D. 418, 423 (N.D. Ill. 2002). Factual information may not be withheld under the work product doctrine, but must be produced through interrogatories, depositions or other discovery.


Guardsmark, Inc. v. Blue Cross & Blue Shield, 206 F.R.D. 202, 207 (W.D. Tenn. 2002). The “work product” doctrine does not protect facts concerning the creation of work product or facts contained within the work product.

In re Theragenics Corp. Sec. Litig., 205 F.R.D 631, 634 (N.D. Ga. 2002). “Numerous courts since Hickman v. Taylor . . . have recognized that names and addresses of witnesses interviewed by counsel who have knowledge of the facts alleged in the complaint are not protected from disclosure.”

But see:

US Bank Nat’l Ass’n v. PHL Variable Ins. Co., Nos. 12 Civ. 6811(CM)(JCF), 13 Civ. 1580(CM)(JCF), 2013 WL 5495542, at *8-10 (S.D.N.Y. Oct. 3, 2013). The identities of individuals the bank interviewed as part of its investigation were protected as work product. The court reasoned that the identities of interviewed individuals could provide insight into counsel strategy; however, information about those who ordered and conducted the interviews, those who were present but not interviewed, and the dates of the interviews, were not protected work product.
3. **Mixed Opinion & Ordinary Work Product**

Courts recognize that when a document contains both fact and opinion work product, appropriate classification of the document for purposes of applying the work product doctrine is difficult. *See In re Vitamins Antitrust Litig.*, 211 F.R.D. 1, 4 (D.D.C. 2002). When ordinary work product and opinions are mixed, courts may order the opinions or mental impressions redacted, thus rendering the remaining portion ordinary work product. *See In re Martin Marietta Corp.*, 856 F.2d 619, 626 (4th Cir. 1988); *Bogosian v. Gulf Oil Corp.*, 738 F.2d 587, 595 (3d Cir. 1984) (“Where the same document contains both facts and legal theories of attorney, adversary party can discover the facts. If facts and impressions are intertwined the document can be redacted.”); *Chevron Corp. v. Weinberg Grp.*, 286 F.R.D. 95, 99-100 (D.D.C. 2012) (the proper procedure is to produce portions of the documents that are fact work product and redact those that are opinion work product, submitting a description of the excised material that complied with Rule 26 by explaining why the redacted portion qualifies for protection); *Underwriters Ins. Co. v. Atl. Gas Light Co.*, 248 F.R.D. 663 (N.D. Ga. Feb. 19, 2008) (ultimately barring discovery of opinion work product contained in insurer’s claim file and permitting redaction of opinion work product prior to production, but requiring production of fact work product in light of proof of substantial need and undue burden once the underlying insurance coverage dispute was resolved). Alternatively, courts may examine the document *in camera* to determine if it should be disclosed. *See Washington Bancorp. v. Said*, 145 F.R.D. 274 (D.D.C. 1992).

**C. ASSERTING WORK PRODUCT PROTECTION**

The party asserting work product protection has the burden to show that the application is consistent with the purposes underlying the protection. *See, e.g., In re Grand Jury Subpoenas Dated Mar. 19, 2002*, 318 F.3d 379, 384 (2d Cir. 2003). The invoking party has the burden of proving all the required elements: that (1) the document or tangible thing (2) was prepared by or for a party’s representative (3) in anticipation of litigation. *See Ferko v. Nat’l Ass’n for Stock Car Auto Racing, Inc.*, 218 F.R.D. 125, 135 (E.D. Tex. 2003); *Garcia v. City of El Centro*, 214 F.R.D. 587, 591 (S.D. Cal. 2003); *Triple Five of Minn., Inc. v. Simon*, 212 F.R.D. 523, 528 (D. Minn. 2002); *Yurick v. Liberty Mut. Ins. Co.*, 201 F.R.D. 465, 472 (D. Ariz. 2001); *Compagnie Francaise d’Assurance Pour le Commerce Exterior v. Phillips Petroleum Co.*, 105 F.R.D. 16, 41 (S.D.N.Y. 1984). When these elements are established, the burden shifts to the opposing side to show that substantial need and undue hardship exists. *Hodges, Grant & Kaufmann v. U.S. Gov’t*, 768 F.2d 719, 721 (5th Cir. 1985); *Garcia v. City of El Centro*, 214 F.R.D. 587, 591; *Ferko*, 218 F.R.D. at 135; *RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 90 (2000)*. In resolving work product challenges, courts should examine the materials themselves rather than relying on descriptions provided by a party from whom discovery is sought. *See Nat’l Union Fire Ins. Co. v. Murray Sheet Metal Co.*, 967 F.2d 980, 985 (4th Cir. 1992).

that the email communications reflected work product performed at the direction of counsel for the purpose of providing legal advice satisfied company’s burden to demonstrate a legal purpose.

Work product protection may be asserted by the attorney independently of the client. See In re Grand Jury Proceedings, 43 F.3d 966, 971 (5th Cir. 1994) (“In contrast to the attorney-client privilege, the work product privilege belongs to both the client and the attorney, either one of whom may assert it.”); In re Sealed Case, 29 F.3d 715, 718 (D.C. Cir. 1994) (same); In re Doe, 662 F.2d 1073, 1079 (4th Cir. 1981) (same); Maplewood Partners, L.P. v. Indian Harbor Ins. Co., 295 F.R.D. 550, 618 (S.D. Fla. 2013) (the attorney and client may assert work product immunity, and others can waive that immunity). The attorney has an independent interest in privacy. Hobley v. Burge, 433 F.3d 946, 949 (7th Cir. 2006). See also RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 90 cmt. c (2000). If the attorney’s assertion of the doctrine could harm the client’s interests, however, the client’s interests may take precedence. Id. See also SEC v. McNaul, 271 F.R.D. 661, 667 (D. Kan. 2010) (law firm could not assert independent interest in work product, even opinion work product, over the interest of its client).

D. SCOPE OF WORK PRODUCT PROTECTION

Unlike the absolute protection afforded by the attorney-client privilege, the work product doctrine provides only qualified protection. Moreover, courts do provide greater protection to opinion work product than to ordinary work product. See Upjohn Co. v. United States, 449 U.S. 383, 399-402 (1981); Hickman v. Taylor, 329 U.S. 495, 511-13 (1947); In re Grand Jury Subpoena Dated Dec. 19, 1978, 599 F.2d 504, 512-13 (2d Cir. 1979). Federal Rule of Civil Procedure 26(b)(3) reflects the distinction between the protection that courts afford ordinary work product and opinion work product. Under Rule 26(b)(3), a court can order disclosure of work product if the party requesting it has (1) substantial need of the materials and (2) cannot obtain the substantial equivalent without undue hardship. See In re Vitamins Antitrust Litig., 211 F.R.D. 1, 4 (D.D.C. 2002). However, under the same rule, courts must “protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of a party’s attorney or other representative concerning the litigation.” FED. R. CIV. P. 26(b)(3). Thus, courts treat the protection afforded opinion work product as nearly absolute while permitting discovery of ordinary work product upon a showing of substantial need and hardship. See In re Cendant Corp. Sec. Litig., 343 F.3d 658, 663 (3d Cir. 2003) (“Rule 26(b)(3) establishes two tiers of protections: first, work prepared in anticipation of litigation by an attorney or his agent is discoverable only upon a showing of need and hardship; second, ‘core’ or ‘opinion’ work product that encompasses the mental impressions, conclusions, opinion, or legal theories of an attorney or other representative of a party concerning the litigation is generally afforded near absolute protection from discovery.”) (internal quotations omitted). The scope of protection afforded each type of work product is discussed in turn below.

1. Protection Of Ordinary Work Product

Ordinary work product, which does not reveal the mental impressions of the attorney, is discoverable upon a showing of “substantial need” and “undue hardship.” FED. R. CIV. P. 26(b)(3); Hodges, Grant & Kaufmann v. U.S. Gov’t, 768 F.2d 719, 721 (5th Cir. 1985); AT&T Corp. v. Microsoft Corp., No. 02-0164 MHP (JL), 2003 WL 21212614, at *6 (N.D. Cal.
The party seeking the production bears the burden of showing that “substantial need” and “undue hardship” warrant discovery of work product. In re Grand Jury (OO-2H), 211 F. Supp. 2d 555, 559 (M.D. Penn. 2001). But see Condon v. Petacque, 90 F.R.D. 53, 54-55 (N.D. Ill. 1981) (noting that the burden of showing substantial need is lessened the farther the material is from the attorney’s mental processes and impressions). To prove substantial need and undue hardship, courts require a party seeking production to show why the desired materials are relevant and that prejudice will result from the non-disclosure of those materials. See Loctite Corp. v. Fel-Pro, Inc., 667 F.2d 577, 582 (7th Cir. 1981); Nat’l Union Fire Ins. Co. v. AARPO, Inc., No. 97 Civ. 1438(JSM), 1998 WL 823611 (S.D.N.Y. Nov. 25, 1998) (court refused to order disclosure of work product because party seeking disclosure failed to show that his ability to prepare for trial would be adversely affected by non-disclosure). Each part of the required showing, “substantial need” and “undue hardship,” is discussed below.

a. “Substantial Need”

Courts explain that “substantial need” consists “of the relative importance of the information in the documents to the party’s case and the ability to obtain that information by other means.” Stampley v. State Farm Fire & Cas. Co., 23 F. App’x 467, 471 (6th Cir. 2001) (citing Suggs v. Whitaker, 152 F.R.D. 501, 507 (M.D.N.C. 1993)). Relevancy alone is insufficient to establish “substantial need.” Mandanes v. Madanes, 199 F.R.D. 135, 150 (S.D.N.Y. 2001). However, “substantial need” exists where the work product material is central to the substantive claims in litigation. Id.; SEC v. Sells, No. 11-cv-04941 CW (NC), 2013 WL 450844, at *2 (N.D. Cal. Feb. 4, 2013) (substantial need was shown where SEC had thwarted inquiry into factual information it had provided to its witnesses and defendant could not replicate the information through deposition); United States v. ISS Marine Servs., Inc., 905 F. Supp. 2d 121, 139 (D.D.C. 2012) (the government established a substantial need for an audit report relating to what the company knew and when they knew it based on the overlapping temporal nature of the request and the fact that the report appeared to be the only evidence of when the company became aware of the overpayments at issue). Courts are less likely to find that there is “substantial need” when information is available through other means. See AT&T Corp. v. Microsoft Corp., No. 02-0164 MHP (JL), 2003 WL 21212614, at *6 (N.D. Cal. Apr. 18, 2003) (“If the party seeking production could elicit the same information through deposition, then the need for the documents is diminished, unless there is undue hardship.”); Stampley, 23 F. App’x at 471 (affirming lower court decision that, because plaintiff had the opportunity to take the deposition of investigator that prepared insurance investigation report, there was no substantial need for work product).

Some courts find that substantial need exists with respect to contemporaneous statements made immediately following an accident. See Coogan v. Cornet Transp. Co., 199 F.R.D. 166, 167-68 (D. Md. 2001). Quoting the Fourth Circuit, the court in Coogan explained: “Statements of either the parties or witnesses taken immediately after the accident and involving a material issue in an action arising out of that accident, constitute ‘unique catalysts in the search for truth’ in the judicial process; and where the party seeking the discovery was disabled from making his own investigation at the time, there is sufficient showing under the amended Rule to warrant discovery.” Id. at 176 (quoting Nat’l Union Fire Ins. Co. v. Murray Sheet Metal Co., 967 F.2d 980, 985 (4th Cir. 1992)); see also Zoller v.
Conoco, Inc., 137 F.R.D. 9, 9-10 (W.D. La. 1991) (work product doctrine does not protect photographs taken as part of a defendant’s investigation of an accident when the scene had subsequently changed and no other substantial equivalent was available); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 88 cmt. b (2000).

Compare:

In re Grand Jury Subpoena Dated July 6, 2005, 510 F.3d 180 (2d Cir. 2007). Recordings made surreptitiously by appellant, a mortgage broker who was the subject of a grand jury investigation, of his conversations with another target of the investigation (“Broker”) constituted fact work product but the government showed a substantial need for them. The court agreed with the district court that, even though the government could interview Broker about the contents of the recordings, the government’s need for the recordings was substantial, because it was unlikely that Broker would provide the same insight into the transactions at issue during a criminal investigation as he had during private conversations with an associate when he did not know they were being recorded.

In re Neurontin Antitrust Litig., MDL Docket No. 1479, 2011 WL 2534344, at *18 (D.N.J. Jan. 25, 2011). Substantial need existed when, by defendant’s own admission, “the only source to probe to reconcile their off-label use denials with their public actions and criminal guilty plea is counsel’s work product” since none of the defendant’s employees could provide an explanation.

Asten v. City of Boulder, No. 08-cv-00845-PAB-MEH, 2010 WL 2612673 (D. Colo. June 29, 2010). Defendant had substantial need for tape recorded interview of witness when, during the deposition, the witness admitted to having poor memory.

Walker v. Cnty. of Contra Costa, 227 F.R.D. 529, 533-34 (N.D. Cal. 2005). Holding that employee showed substantial need for investigative report into hiring process where employee asserted a claim for discrimination in hiring and where the report was not prepared by counsel (and therefore did not constitute opinion work product).

With:

City of Pontiac General Employees’ Retirement System v. Wal-Mart, Inc., No. 5:12-cv-5162, 2018 WL 1558572, at *5 (W.D. Ark. Mar. 29, 2018). Court denied motion to compel production of report prepared by in-house investigator where the court was not convinced that plaintiff could not gain access to some of the factual information it sought from other sources or by other means.

United States ex rel. Spletzer v. Allied Wired & Cable, Inc., No. 09-4744, 2015 WL 7014620, at *2-4 (E.D. Pa. Nov. 12, 2015). Qui tam relator’s statement, submitted to the government pursuant to requirements of the False Claims Act, is protected work product because defendants failed to show substantial need for relator statement where factual discovery was not complete and deposition of plaintiff/relator was still pending.

Generac Power Sys., Inc. v. Kohler Co., No. 11-1120, 2012 WL 5463913, at *2 (E.D. Wis. Nov. 8, 2012). Argument that “infringement agreements in patent cases are probative of both an infringer’s intent to induce infringement and willful infringement” does not satisfy the substantial need requirement, especially since agreement was signed after litigation was initiated.

Anchodo v. Anderson, Crenshaw, & Assoc., L.L.C., 256 F.R.D. 661, 673 (D.N.M. 2009). Anchodo did not show a substantial need for legal research conducted in anticipation of the suit because the research would have, at most, marginal relevance to a bona fide error defense.

Gargano v. Metro-N., 222 F.R.D. 38, 41 (D. Conn. 2004). Noting that substantial need test could be met when witness could not recall facts at the time of deposition, but declining to find substantial need after unexplained delay of two years in taking deposition.


Carnival Cruise Lines, Inc. v. Doe, 868 So.2d 1219, 1221 (Fla. App. Ct. 2004). Holding that rape victim had not shown substantial need for post-rape investigation report because she could obtain the information in the report through normal discovery.

b. “Undue Hardship”

In seeking to establish undue hardship, a party should be prepared to make a particularized showing that all other avenues of obtaining the sought after material have been exhausted. See Davis v. Emery Air Freight Corp., 212 F.R.D. 432, 436-37 (D. Me. 2003) (finding party’s showing insufficient where only one deposition was taken). “As a general rule, inconvenience and expense do not constitute undue hardship.” Stampley v. State Farm Fire & Cas. Co., 23 F. App’x 467, 471 (6th Cir. 2001).

Courts commonly find undue hardship exists where a witness is unavailable to testify. See AT&T Corp. v. Microsoft Corp., No. 02-0164, 2003 WL 21212614, at *6 (N.D. Cal. Apr. 18, 2003) (“Undue hardship is demonstrable if witnesses are unavailable or cannot recall the events in question.”); Madanes v. Madanes, 199 F.R.D. 135, 150 (S.D.N.Y. 2001) (holding undue hardship exists where witnesses refuse to answer questions in deposition and testimony contains inconsistencies); see generally RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 88 cmt. b (2000); 6 J. MOORE ET AL., MOORE’S FEDERAL PRACTICE ¶ 26.70[5] (2019); 8 CHARLES ALAN WRIGHT, ET AL., FEDERAL PRACTICE & PROCEDURE § 2025 (3d ed. West 2019). Courts consider a variety of ways in which materials may be unavailable, including:


Where the passage of time has dulled the witness’s memory. *See Xerox Corp. v. IBM Corp.*, 79 F.R.D. 7 (S.D.N.Y. 1977) (allowing use of notes from interviews with employees unable to recall events); *Xerox Corp. v. IBM Corp.*, 64 F.R.D. 367, 381-82 (S.D.N.Y. 1974) (same). *But see In re Int’l Sys. & Controls Corp. Sec. Litig.*, 693 F.2d 1235, 1240 (5th Cir. 1982) (unsubstantiated assertions by party seeking discovery that witness’s memory is likely faulty is insufficient); *Davis v. Emery Air Freight Corp.*, 212 F.R.D. 432, 436-37 (D. Me. 2003) (same). “There is a split of authority among courts regarding whether the mere passage of time is enough to establish substantial need under Rule 26(b)(3).” *Garcia v. City of El Centro*, 214 F.R.D. 587, 595 (S.D. Cal. 2003) (citing cases). “[W]hen a party argues that substantial need exists because of the passage of time, the party seeking discovery must make a showing that the passage of time was not caused by avoidable negligence on their part.” *Id.* at 596.

Where materials are exclusively in the opposing party’s possession. *See Loctite Corp. v. Fel-Pro, Inc.*, 667 F.2d 577, 582 (7th Cir. 1981); *United States v. ISS Marine Servs., Inc.*, 905 F. Supp. 2d 121, 138-39 (D.D.C. 2012) (undue hardship requirement met where all source documents underlying an audit report were in the exclusive custody and control of defendant’s foreign affiliates, and therefore beyond the scope of the government’s subpoena power); *Metro Wastewater Reclamation Dist. v. Cont’l Cas. Co.*, 142 F.R.D. 471, 478 (D. Colo. 1992) (information within the exclusive control of the opposing party can show hardship); *Xerox Corp. v. IBM Corp.*, 64 F.R.D. 367, 381-82 (S.D.N.Y. 1974).

Where the person possessing the materials has refused to respond to discovery or deposition requests. *See In re Vitamins Antitrust Litig*, 211 F.R.D. 1, 4 (D.D.C. 2002) (holding that source documents underlying Rule 30(b)(6) witness statements should be produced even though they constituted work product because statements were equivocal, documents created by conspirators had been destroyed, and witnesses were asserting their Fifth Amendment right to testify).

Often, courts treat the “substantial need” and “undue hardship” requirements as a single requirement, blurring any distinction between the two. As noted by the accompanying advisory committee notes to Federal Rule of Civil Procedure 26(b)(3), courts have considered a variety of factors in determining need and hardship, including the following:


(attorney’s tape recording of relevant conversations discoverable since no alternative means of discovering equivalent information). However, courts find that the additional expense or inconvenience created by duplicative discovery or investigation does not ordinarily constitute undue hardship. See, e.g., Carver v. Allstate Ins. Co., 94 F.R.D. 131, 136 (S.D. Ga. 1982). Nevertheless, courts may find that undue hardship exists if the expenditure of cost and effort is substantially disproportionate to the amount at stake in the litigation and to the value of the desired information to the inquiring party. See In re Int’l Sys. & Controls Corp. Sec. Litig., 693 F.2d 1235, 1241 (5th Cir. 1982) (cost of discovery is a factor to consider for undue hardship); SEC v. Collins & Aikman Corp., 256 F.R.D. 403, 411 (S.D.N.Y. 2009) (finding discovery of SEC’s work product was justified because “a page-by-page manual review of ten million pages of records is strikingly expensive in both monetary and human terms and constitutes ‘undue hardship’ by any definition’); Restatement (Third) of the Law Governing Lawyers § 88 cmt. b (2000).

- The uses to which the desired materials will be put.

- The availability of alternative means of obtaining the desired information if discovery is denied. See In re Int’l Sys. & Controls Corp. Sec. Litig., 693 F.2d 1235, 1240 (5th Cir. 1982); Osherow v. Vann (In re Hardwood P-G, Inc.), 403 B.R. 445, 465 (W.D. Tex. 2009) (having to “dig through 300 boxes of documents” to get the evidence by other means “may be odious” but “is not, however, onerous” and would not justify compelling production); EEOC v. Carrols Corp., 215 F.R.D. 46 (N.D.N.Y. 2003) (finding that no substantial need existed requiring the production of hundreds of witness questionnaires where EEOC offered to provide summaries of likely testimony); In re Grand Jury (OO-2H), 211 F. Supp. 2d 555, 561 (M.D. Penn. 2001) (rejecting government claim of substantial need for attorney’s interview notes of party, where government could have interviewed party itself); Nat’l Union Fire Ins. Co. v. AARPO, Inc., No. 97 Civ. 1438, 1998 WL 823611 (S.D.N.Y. Nov. 25, 1998) (transcripts of witness interviews conducted by opposing counsel that were protected work product should not be disclosed because party seeking disclosure had the opportunity to depose same witnesses); Burlington Indus. v. Exxon Corp., 65 F.R.D. 26, 43 (D. Md. 1974).

- The extent to which the asserted need is substantiated. See In re Grand Jury Subpoena Dated Nov. 9, 1979, 484 F. Supp. 1099, 1103 (S.D.N.Y. 1980).

2. Protection Of Opinion Work Product

Unlike ordinary work product, courts hold that opinion work product is discoverable, if at all, only upon a showing of extraordinary need. See Upjohn Co. v. United States, 449 U.S. 383, 401-02 (1981) (“[a]s Rule 26 and Hickman make clear, such work product cannot be disclosed simply on a showing of substantial need and inability to obtain the equivalent without undue hardship”; instead, a “far stronger showing of necessity and unavailability” must be made); S. Scrap Material Co. v. Fleming, No. Civ.A. 01-2554, 2003 WL 21474516, at *7 (E.D.
Indeed, opposing counsel may rarely, if ever use discovery mechanisms to obtain the research, analysis of legal theories, mental impressions, and notes of an attorney acting on behalf of his client in anticipation of litigation.”); Resolution Trust Corp. v. Mass. Mut. Life Ins. Co., 200 F.R.D. 183, 190 (W.D.N.Y. 2001) (noting that, according to interpretations by the Supreme Court, opinion work product is accorded a higher standard of protection than ordinary work product). Circuits have split on the extent of protection afforded to opinion work product, with some applying absolute protection and others permitting discovery where a heightened standard is met. See Cardtoons, L.C. v. Major League Baseball Players Ass’n, 199 F.R.D. 677, 684-85 (N.D. Okla. 2001) (recognizing Circuit split).

Some courts have adopted the view that opinion work product is absolutely privileged, and not discoverable under any circumstances. See 8 CHARLES ALAN WRIGHT, ET AL., FEDERAL PRACTICE & PROCEDURE § 2026 (3d ed. West 2019).

See also:

Nat’l Union Fire Ins. Co. v. Murray Sheet Metal Co., 967 F.2d 980, 983-84 (4th Cir. 1992). Court held that if work product contains opinions or theories, then discovery is prohibited. However, if only part of the document contains opinion work product, then court can order production of a redacted copy.

Bogosian v. Gulf Oil Corp., 738 F.2d 587 (3d Cir. 1984). Court concluded that the provisions of FRCP 26(b)(3) outweighed the expert disclosure provisions of FRCP 26(b)(4) and therefore gave absolute protection to core opinion work product provided to expert witnesses. Court also found that, where opinion work product is intertwined with facts, the document can be redacted to allow production.

Garcia v. City of El Centro, 214 F.R.D. 587, 591 (S.D. Cal. 2003). “Opinion work-product, containing an attorney’s mental impressions or legal strategies, enjoys nearly absolute immunity and can be discovered only in very rare circumstances.”

Aktiebolag v. Andrx Pharm., Inc., 208 F.R.D. 92, 104 (S.D.N.Y. 2002). “As to [opinion work-product] documents, a far greater showing is required to pierce the doctrine’s protection, and there is some authority that the protection afforded such opinion work-product may be absolute.”

Eagle Compressors, Inc. v. HEC Liquidating Corp., 206 F.R.D. 474, 478 (N.D. Ill. 2002). “[O]pinion work-product is protected even when undue hardship exists and therefore, is for ‘all intents and purposes absolute.’”


SmithKline Beecham Corp. v. Pentech Pharm., Inc., No. 00 C 2855, 2001 WL 1397876, at *3 (N.D. Ill. Nov. 6, 2001). “[I]f the work product involves the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation,” the immunity from production is “for all intents and purposes absolute, whether or not the party seeking discovery has demonstrated a substantial need” (internal quotations omitted).

Shipes v. BIC Corp., 154 F.R.D. 301, 305 (M.D. Ga. 1994). “It is questionable whether any showing justifies disclosure of an attorney’s mental impressions.”

Other courts, however, find that opinion work product is subject only to a qualified protection. In Upjohn, the Supreme Court stopped short of ruling that opinion work product is always protected. Upjohn Co. v. United States, 449 U.S. 383, 399-402 (1981). Federal Rule of Civil Procedure 26 states that courts that order discovery of work product materials “must protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of a party’s attorney or other representative concerning the litigation.” Fed. R. Civ. P. 26(b)(3)(B). Many courts, however, refer to a standard of “extraordinary need or special circumstances” that must be met to justify disclosure of opinion work product. See Upjohn, 449 U.S. at 399-402; In re Cendant Corp. Sec. Litig., 343 F.3d 658, 664 (3d Cir. 2003). These courts, however, have not defined the situations that may present the rare circumstance that subjects opinion work product to discovery. As a practical matter, therefore, there may be little difference between the two approaches.

See:

In re United States, 321 F. App’x 953, 958 (Fed. Cir. 2009). Noting that the Supreme Court in Upjohn expressly declined to decide whether opinion work product could ever be produced and holding that substantial need and undue hardship standards are not sufficient to overcome the protection given to opinion work product.


Sporck v. Peil, 759 F.2d 312, 316 (3d Cir. 1985). Opinion work product accorded “almost absolute protection from discovery because any slight factual content that such items may have is generally outweighed by the adversary system’s interest in maintaining the privacy of an attorney’s thought processes and in ensuring that each side relies on its own wit in preparing their respective cases.” Under the facts of the case, court found that the opinion work product was protected.

In re Int’l Sys. & Controls Corp. Sec. Litig., 693 F.2d 1235, 1240 (5th Cir. 1982). Opinion work product entitled to “almost absolute protection.” Under the facts of the case, court found that the opinion work product was protected.

In re Sealed Case, 676 F.2d 793, 809-10 (D.C. Cir. 1982). Opinion work product can be discovered only upon “extraordinary justification.” Under the facts of the case, court found that the opinion work product was protected.

In re Grand Jury Subpoena Dated Nov. 8, 1979, 622 F.2d 933, 935-36 (6th Cir. 1980). Opinion work product may be disclosed in rare and extraordinary circumstances. Under the facts of the case, court found that the opinion work product was protected.

SEC v. Sentinel Mgmt. Grp., Inc., No. 07 C 4684, 2010 WL 4977220 (N.D. Ill. Dec. 2, 2010). SEC was required to produce its opinion work product – summaries of its pre-trial witness interviews – where the witnesses who provided information to the SEC were no longer available to be deposed due to their invocation of the Fifth Amendment.

Eagle-Picher Indus., Inc. v. United States, 11 Cl. Ct. 452, 457 (Cl. Ct. 1987). Discovery of opinion work product “is allowed sparingly.” Under the facts of the case, court found that the opinion work product was protected.

Torres v. Goddard, No. CV 06-2482-PHX-SMM, 2010 WL 3023272 (D. Ariz. July 30, 2010). Opinion work product may be discovered and admitted only when mental impressions are at issue in a case and the need for the material is compelling.


AIA Holdings, S.A. v. Lehman Bros., Inc., No. 97Civ.4978(LMN)(HBP), 2000 WL 1639417, at *2 (S.D.N.Y. Nov. 1, 2000). Where defendants deposed co-defendant in Lebanese prison, and at plaintiffs’ deposition three years later co-defendant was unable to recall the events in question, unavailability of discovery of the forgotten facts was not sufficient to compel disclosure of opinion work product consisting of defendant-attorney’s notes from the earlier deposition. Though declining to adopt the “essential element” test endorsed by Moore’s Federal Practice, the court held that a higher showing must be made beyond the “broad standard of relevance applicable in discovery.”

United States v. Jacques Dessange, Inc., No. S2 99 CR 1182 DLC, 2000 WL 310345 (S.D.N.Y. Mar. 27, 2000). Criminal defense counsel’s opinion work product, here counsel’s notes of client’s interviews with government, will be given heightened protection because the work product doctrine is particularly vital in assuring the proper functioning of the criminal justice system. Although co-defendant had an interest in the contents of the notes, that interest did not justify disclosure.

Harris v. United States, No. 97 Civ. 1904(CSH), 1998 WL 26187, at *3 (S.D.N.Y. Jan. 26, 1998). Production of opinion work product was warranted in habeas corpus proceeding where petitioner sought the production of opinion work product generated in connection with his prosecution to support a collateral attack on his convictions.

3. Protection Of Mixed Opinion And Ordinary Work Product

If an item contains both ordinary and opinion work product, then the court can order redaction of the opinion work product before the document is produced. E.g., Nat’l Union Fire Ins. Co. v. Murray Sheet Metal Co., 967 F.2d 980, 985 (4th Cir. 1992); Chevron Corp. v. Weinberg Grp., 286 F.R.D. 95, 99-100 (D.D.C. 2012) (the proper procedure is to produce portions of the documents that are fact work product and redact those that are opinion work product, submitting a description of the excised material that complies with Rule 26 by explaining why the redacted portion qualifies for protection); Trout v. Nationwide Mut. Ins. Co., No. 06-cv-00236-EWN-MEH, 2006 WL 2683731, at *3 (D. Colo. Sept. 19, 2006) (“If any work product is intermingled with documents reflecting the [non-privileged information], the documents may be carefully redacted.”). But see Bingham v. Baycare Health Sys., No. 8:14-cv-73-T-23JSS, 2016 WL 1546504, at *6-7 (M.D. Fla. Apr. 15, 2016) (finding redaction of opinion work product inappropriate where “facts are interwoven with analysis and opinion” and where “selection of certain facts” reflects “insight and impressions of the case”).

E. WAIVER OF WORK PRODUCT PROTECTION

1. Consent, Disclaimer And Defective Assertion

Either an attorney or a client can relinquish work product protection. Protection is most clearly relinquished through consent, which acts as a waiver of the doctrine and leaves the underlying communications unprotected. See generally In re Doe, 662 F.2d 1073, 1081 (4th Cir. 1981); Restatement (Third) of the Law Governing Lawyers § 91 cmt. b (2000).
Occasionally, an attorney voluntarily waives work product protection and subsequently attempts to reassert it. In such cases, the client will be estopped from invoking work product protection if an adversary has detrimentally relied on the disclosure or if the interests of justice and fairness otherwise require waiver. See In re Grand Jury Subpoena, 220 F.3d 406, 409 (5th Cir. 2000) (in-house counsel lacked standing to assert the work product privilege once the corporation disclosed documents sought by the government); Pamida, Inc. v. E.S. Original, Inc., 281 F.3d 726, 732 (8th Cir. 2002) (“With respect to the issue of implied waiver, the Court must not only look at whether [the party] intended to waive the privilege, but also whether the interests [of] fairness and consistency mandate a finding of waiver.”); In re Subpoenas Duces Tecum, 738 F.2d 1367, 1375 (D.C. Cir. 1984) (addressing generally the issues of fairness in disclosure); Navaio Nation v. Peabody Holding Co., Inc., 209 F. Supp. 2d 269, 286-87 (D.D.C. 2002) (following In re Subpoenas discussing unfairness of selectively asserting work product privilege); Bank of Am., N.A. v. Terra Nova Ins. Co., 212 F.R.D. 166, 172 (S.D.N.Y. 2002) (noting that fairness, in part, dictates that disclosure to government waives work product privilege to other adversaries).

Although an attorney may not be able to assert the work product protection once the client has waived the privilege, some courts have indicated that an attorney may assert the protection even after it is abandoned by the client. In re Sealed Case, 676 F.2d 793, 809 (D.C. Cir. 1982) (suggesting that “[t]o the extent that [the client’s and attorney’s] interest do not conflict, attorneys should be entitled to claim privilege even if their clients have relinquished their claims”). In particular, courts have suggested the attorney might have standing to assert the protection as to opinion work product. See, e.g., Catino v. Travelers Ins. Co., 136 F.R.D. 534, 539 (D. Mass. 1991) (“[I]f the client waives the [work product] protection, the attorney’s standing should be limited to objecting only to disclosure of those types of items which would destroy the inviolate nature of the attorney’s thought process as to all aspects of the case.”).

Waiver can also occur when the client fails to effectively assert the work product doctrine. For example, a client’s failure to object properly in response to a discovery request may waive the protection of the doctrine. See Asserting Work Product Protection, § III.C, supra; RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 91(3) (2000).

2. Selective Disclosure To Third Parties And Adversaries

Thus, waiver will occur when a party discloses material in circumstances under which there is significant likelihood that an adversary or potential adversary will obtain it. United States v. Stewart, 287 F. Supp. 2d 461, 468 (S.D.N.Y. 2003) ("Most courts that have analyzed the question whether a party has waived work product protection over documents by disclosing them to third parties have found waiver only when the disclosures substantially increased the opportunities for potential adversaries to obtain the information.") (internal quotations omitted); Constr. Indus. Servs. Corp. v. Hanover Ins. Co., 206 F.R.D. 43, 49 (E.D.N.Y. 2001) ("[P]rotection is waived only if such disclosure substantially increases the opportunity for potential adversaries to obtain the information.") (internal quotations omitted). Mere disclosure to a witness does not necessarily waive protection as this activity is consistent with the work product doctrine by allowing the attorney to prepare for litigation. See, e.g., In re Sealed Case, 676 F.2d 793, 818 (D.C. Cir. 1982) (selective disclosure is not inimical to the theory underlying the work product doctrine); In re Grand Jury Subpoenas Dated Dec. 18, 1981, 561 F. Supp. 1247, 1257 (E.D.N.Y. 1982).

See also:

Skynet Elec Co. v. Flextronics Int’l, Ltd., No. C 12-06317 WHA, 2013 WL 6623874, at *3 (N.D. Cal. Dec. 16, 2013). Observing that if a document otherwise protected by work-product immunity is disclosed to others with an actual intention, or reasonable probability, that an opposing party may see the document, the party who made the disclosure cannot subsequently claim work product immunity.

Rambus v. Infineon Tech., 220 F.R.D. 264, 275 (E.D. Va. 2004). Work product protection is not waived by disclosing documents to an adversary in parallel litigation when documents are disclosed pursuant to court order, but the protection is waived when the disclosure is voluntary.

Robinson v. Tex. Auto. Dealers Ass’n, 214 F.R.D. 432, 443, vacated on other grounds, No. Civ. A. 5:97-CV-273, 2003 WL 21909777, at *1 (E.D. Tex. July 28, 2003). “The work-product doctrine is also broader in that, unlike the attorney-client privilege, work-product protection is not necessarily waived by disclosure to a third party who does not have a common legal interest. Disclosure of work-product can result in waiver of the work-product protection, but only if it is disclosed to adversaries or treated in a manner that substantially increases the likelihood that an adversary will come into possession of the material.”
In re Grand Jury Proceedings, No. M-11-189, 2001 WL 1167497, at *20 (S.D.N.Y. Oct. 3, 2001). “A waiver of work product protection occurs if the party has voluntarily disclosed the work product in such a manner that it is likely to be revealed to his adversary.”

Bank of the W. v. Valley Nat’l Bank of Ariz., 132 F.R.D. 250, 262 (N.D. Cal. 1990). In determining waiver, the issue is whether disclosure has increased the likelihood that a current or potential adversary will gain access to protected documents.

Compare:


United States v. All Assets Held at Bank Julius Baer & Co., Ltd., 315 F.R.D. 103, 113-15 (D.D.C. 2016). Claimant in asset forfeiture action asserted work product privilege over a request for private letter ruling (“PLR Request”) he had filed with the Internal Revenue Service (“IRS”). The court held that claimant waived work product protection for his PLR Request, since the IRS was claimant’s potential future adversary.

In re Grand Jury Subpoena Dated Mar. 20, 2013, No. 13-Mc-189 (Patt I), 2014 WL 2998527, at *12-14 (S.D.N.Y. July 2, 2014). The court applied a pre-FRE 502 balancing test for inadvertent disclosure to determine whether work product protection was waived following an unauthorized disclosure. An investigator retained by the lawyer of an individual who was the subject of a grand jury investigation turned over her investigative file to federal agents. The court held that work product protection over the investigator’s file was waived where the subject’s lawyers waited two weeks before contacting the government about the disclosure and three weeks after a deal to limit the scope of the investigator’s testimony fell through before filing a motion to quash the government’s subpoena.

SEC v. Gupta, No. 11 Civ. 7566 (JSR), 2012 WL 990779, at *3-4 (S.D.N.Y. Mar. 26, 2012). In a civil enforcement action, the court held that meetings between attorneys from the SEC, prosecutors from the U.S. Attorney’s Office (“USAO”), and a third party deposition witness were not protected by the work product doctrine. Protection was waived with respect to the substance of the discussions and the selection of documents shown to the witness. “The ability of a party to meet with a non-party witness, show him documents and ask him questions, and then mask the entire preparation session in the cloak of work product protection would serve to facilitate even the most blatant coaching of a witness if it could not be subject of inquiry.”

In re Chevron Corp., 633 F.3d 153 (3d Cir. 2011). Disclosure of work product to neutral court-appointed expert waived protection.

E.I. du Pont de Nemours & Co. v. Kolon Indus., 269 F.R.D. 600, 606-09 (E.D. Va. 2010). Issuing a press release revealing information received from federal law enforcement officials resulted in a subject-matter waiver of work product protection regarding the factual basis for the statement in the press release. Waiver, however, did not extend to opinion work product because proponent of waiver could not show substantial need for the protected information.

Goodrich Corp. v. EPA, 593 F. Supp. 2d 184, 191-93 (D.D.C. 2009). Defendant EPA waived work product protection because it failed to “exercise the kind of ‘zealous stewardship’ of attorney work product that the law demands” when it shared work product with a state regional board, which in turn disclosed it to the plaintiff.

In re Initial Pub. Offering Sec. Litig., 249 F.R.D. 457, 465-66 (S.D.N.Y. 2008). Disclosures made by company to the United States Attorney’s Office and SEC regarding share allocation during an initial public offering resulted in a waiver of work product privilege despite confidentiality agreements. Court will not find selective waiver absent special circumstances, which did not exist here.

Simmons, Inc. v. Bombardier, Inc., 221 F.R.D. 4, 8 (D.D.C. 2004). “The work product privilege may be waived by the voluntary release of materials otherwise protected by it. Generally, the privilege is waived only for materials relevant to a particular, narrow subject matter, when it would be unfair to deny the other party an opportunity to discover other facts relevant to that subject matter” (quotations and citations omitted).


In re Air Crash Disaster, 133 F.R.D. 515, 521 (N.D. Ill. 1990). Disclosure by defense counsel to 500 employees with no expectation of confidentiality resulted in waiver of work product protection.

With:

Anderson v. Seaworld Parks and Entertainment, Inc, 329 F.R.D. 628, 635 (N.D. Cal. 2019) (disclosure of pre-existing work product to public relations consultant hired by counsel did not waive work product protections; narrowly tailored redactions to protect work product allowed by the court.

RKF Retail Holdings, LLC v. Tropicana Las Vegas, Inc., No. 2:14-cv-01232, 2017 WL 2292818, at *6 (D. Nev. May 25, 2017). Litigation-related communications exchanged during an acquisition between plaintiff and defendant constituted work product even though the communications were primarily business-related and were disclosed during the acquisition. However, disclosing documents to a buyer did not waive the work product doctrine because the disclosure did not substantially increase the opportunity for potential adversaries to obtain the information.

Brown v. NCL (Bahamas), Ltd., 155 F. Supp. 3d 1335, 1337-42 (S.D. Fla. 2015). Cruise ship operator did not waive work product protection with respect to passenger-drafted witness statement when it disclosed statement to port police, given that disclosure was made to aid police investigation and there was nothing in the record to suggest an adversarial relationship between operator and police.

Miller UK Ltd v. Caterpillar, Inc., No. 10 C 3770, 2014 WL 67340, at *16-18 (N.D. Ill. Jan. 6, 2014). Disclosure of work product to potential third-party litigation funders with whom plaintiff had entered into written or oral confidentiality agreements did not substantially increase the likelihood that plaintiff’s adversaries would come into possession of the materials. Accordingly, these disclosure did not constitute waiver.

Skynet Elec Co. v. Flextronics Int’l, Ltd., No. C 12-06317 WHA, 2013 WL 6623874, at *3 (N.D. Cal. Dec. 16, 2013). Observing that if a document otherwise protected by work-product immunity is disclosed to others with an actual intention, or reasonable probability, that an opposing party may see the
document, the party who made the disclosure cannot subsequently claim work-product immunity. However, in this case, plaintiff’s disclosure of work product to its patent agent located in Taiwan did not make it substantially more likely that defendants would discover it. Among other things, Taiwanese patent agents are bound by law from disclosing their clients’ confidential work product.

*Bryan Corp. v. Chemwerth, Inc.*, 296 F.R.D. 31, 39-40 (D. Mass. 2013). Disclosure of documents to plaintiff’s consultant did not increase the opportunity that privileged documents would fall into the hands of the buyer’s adversaries. Thus, work product protection over documents was not waived.

*Williams & Connolly LLP v. SEC*, 729 F. Supp. 2d 202, 210-12 (D.D.C. 2010). The SEC did not waive protection by providing handwritten notes of SEC lawyers to the Department of Justice, even though the DOJ was later required to produce the notes under FRCP 16.

*Plew v. Limited Brands, Inc.*, No. 08 Civ 3741 (LTS)(MHD), 2009 WL 1119414, at *3 (S.D.N.Y. Apr. 23, 2009). Emails between defendants and third party supplier were protected by work product doctrine because the third party’s interests were aligned with the defendants.

*SEC v. Schroeder*, No. C07-03798 JW (HRL), 2009 WL 1125579, at *7 (N.D. Cal. Apr. 7, 2009). Draft interview memoranda prepared by outside counsel during an internal investigation remained protected by the work product doctrine even though the final versions of the memorandum had been disclosed to the SEC and the defendant. Simply disclosing a final product to the public or third party does not destroy the underlying privilege attaching to drafts of the final product.

*E.B. v. N.Y.C. Bd. of Educ.*, No. CV 2002-5118(CPS)(MDG), 2007 WL 2874862, at *6 (E.D.N.Y. Sept. 27, 2007). Questionnaires and responses disclosed between the Department of Education’s Office of Legal Services and the Department of Education’s Office of Youth Development and School-Community Services did not waive work product privilege when the offices shared a common interest, rather than an adversarial relationship, and when the disclosure did not increase the risk that adversaries would obtain the documents.

*In re Vecco Instruments, Inc. Sec. Litig.*, No. 05-MD-1695(CM)(GAY), 2007 WL 210110 (S.D.N.Y. Jan. 25, 2007). Defendants did not waive work product protection when they issued a press release and wrote a letter to the SEC briefly summarizing the findings of their internal investigation without quoting, referencing, or paraphrasing any of the documents at issue.

*Bagley v. TRW, Inc.*, 212 F.R.D. 554, 561-562 (C.D. Cal. 2003). In a qui tam action, “relator’s written disclosure to the government pursuant to [31 U.S.C. §] 3730(b)(2) does not operate as a waiver of work product” protection.

*United States v. Stewart*, 287 F. Supp. 2d 461, 469 (S.D.N.Y. 2003). Martha Stewart did not waive work product protection by forwarding her daughter an email composed in response to her attorneys’ request for factual information. By forwarding the email to a family member, Stewart did not substantially increase the risk of disclosure to an adversary.

*Hatco Corp. v. W.R. Grace & Co.*, No. 89-1031, 1991 WL 83126 (D.N.J. May 10, 1991). Client distributed legal memoranda prepared by six law firms to several insurance companies that were not clients of the law firms. Court found that this waived the attorney-client privilege for the memoranda. However, work product protection remained so long as the memoranda were not disclosed to an adversary.

### 3. Disclosure To Auditors

Although disclosure of attorney-client privileged communications to outside auditors waives the attorney-client privilege under federal common law, many courts have held that work product protection is preserved. The D.C. Circuit, the first Circuit to address this issue,
held in *United States v. Deloitte*, 610 F.3d 129, 139 (D.C. Cir. 2010), that disclosure of pre-existing work product to an auditor did not result in waiver. The court explained that the “tension” between an auditor and a corporation that arises from the auditor’s need to scrutinize and investigate a corporation’s books and records is not the equivalent of an adversarial relationship contemplated by the work product doctrine. Accordingly, the auditor was not a “conduit” as applied under the doctrine, and the company had a reasonable expectation of confidentiality when it disclosed pre-existing work product to its auditor.

The majority of district court decisions addressing this issue have held that disclosure of pre-existing work product to auditors does not waive work product protection.

*See:* 


*Vacco v. Harrah’s Operating Co.*, No. 1:07-CV-0663 (TJM/DEP), 2008 WL 4793719, at *6-7 (N.D.N.Y. Oct. 29, 2008). Audit letters prepared by counsel at the request of auditors were protected by the work product doctrine, and disclosure of pre-existing work product to auditors did not waive otherwise applicable work product protections.


*Regions Fin. Corp. v. United States*, No. 2:06-CV-00895-RDP, 2008 WL 2139008, at *8 (N.D. Ala. May 8, 2008). Disclosure of attorney work product to a company’s auditor did not waive the documents’ work product protection. While protection may be waived if documents are made available to an adversary or to a third party that could serve as a conduit to an adversary, the court found that there was “simply no conceivable scenario” under which the company’s auditor would file a lawsuit against the company based on the documents’ contents, particularly when a confidentiality agreement between the company and the auditor required the auditor to maintain the confidentiality of the documents.


*Lawrence E. Jaffe Pension Plan v. Household Int’l., Inc.*, 237 F.R.D. 176, 183 (N.D. Ill. 2006). Audit letters, litigation database, and loss reserve information were all subject to work product protection despite disclosure to outside auditors.


*Merrill Lynch & Co., Inc. v. Allegheny Energy, Inc.*, 229 F.R.D. 441, 445-49 (S.D.N.Y. 2004). Auditor’s relationship with its client was not adversarial in same sense as relationship between litigation adversaries. A company and its auditor are or should be united to “prevent, detect, and root out corporate fraud,” and courts should encourage this cooperation.
Sherman v. Ryan, 911 N.E.2d 378, 400-02 (Ill. App. Ct. 2009). Work product protection was not waived despite disclosure to outside auditors and financial advisors. The court both found federal precedent persuasive and reasoned that the Illinois accountant-client privilege statute evinced the legislature’s acknowledgment of the confidentiality of the accountant-client relationship.

See also:

United States v. Adlman, 134 F.3d 1194, 1200 (2d Cir. 1998). Concluding, in dicta, that work product doctrine would protect a memorandum prepared by a company’s attorneys at an independent auditor’s request “estimating the likelihood of success in litigation and to assist in estimating what should be reserved for litigation losses.”

In United States v. Hatfield, No. 06-CR-0550 (JS), 2010 WL 183522 (E.D.N.Y. Jan. 8, 2010), however, the court held that disclosure of protected work product to an independent auditor waived the work product protection. The court reasoned that although a public auditor’s interests are not necessarily adversarial to its client, at a minimum they do not share common litigation objectives, and the auditor’s interests are always potentially adverse: “because [the auditor’s] interests allied with the truth while [the defendant’s] legal interests aligned with whatever was best for [the defendant], [the auditor] was always potentially adverse to him, as the possibility always existed that its investigation would reveal that he acted fraudulently or negligently.” Id. at *3.

See also:

In re Raytheon Sec. Litig., 218 F.R.D. 354, 360-61 (D. Mass. 2003). Observing that waiver of work product protection by disclosure to third parties exists where disclosure “substantially increased the opportunities for potential adversaries to obtain the information” and requesting further briefing on whether disclosure to independent auditors would be likely to result in further disclosure.

Medinol, Ltd. v. Bos. Scientific Corp., 214 F.R.D. 113, 115 (S.D.N.Y. 2002). Minutes and other materials of defendant’s Special Litigation Committee disclosed to defendant’s outside auditor were not protected by the work product doctrine.

4. Extent Of Waiver

Generally, disclosure of work product will result only in the waiver of work product protection for the particular materials disclosed and not for all related materials involving the same subject matter. See Fed. R. Evid. 502(a); Bramlette v. Hyundai Motor Co., No. 91 C 3635, 1993 WL 338980 (N.D. Ill. Sept. 1, 1993) (disclosure of five reports from internal investigation did not waive work product protection for seven related reports that were kept confidential); In Re Air Crash Disaster, 133 F.R.D. 515, 527 (N.D. Ill. 1990) (drafts underlying disclosed report still protected under work product doctrine); United States v. Willis, 565 F. Supp. 1186, 1220 n. 64 (S.D. Iowa 1983); Restatement (Third) of the Law Governing Lawyers § 91 cmt. c (2000) 8 Charles Alan Wright, Et Al., Federal Practice & Procedure § 2024 (3d ed. West 2019) (suggesting that disclosure of some materials to an adversary does not waive protection over underlying notes and memoranda on the same subject matter).

Federal Rule of Evidence 502(a) provides that a voluntary disclosure of privileged information will result in subject matter waiver only if the protected document is voluntarily
disclosed and “fairness requires” that the undisclosed and disclosed documents be considered together. Fed. R. Evid. 502(a). The Explanatory Note to Rule 502(a) explains that subject matter waiver should be the exception, not the rule: “Subject matter waiver is limited to situations in which a party intentionally puts protected information into the litigation in a selective, misleading and unfair manner.” Fed. R. Evid. 502(a) advisory committee’s note. The advisory committee cited In re United Mine Workers of America Employee Benefit Plans Litigation, 159 F.R.D. 307, 312 (D.D.C. 1994), as an example of the proper scope of waiver. In re United Mine Workers limited the waiver of the work product privilege to documents actually disclosed. 159 F.R.D. at 312. The court found that waiver was only proper where there is a deliberate disclosure intended to gain tactical advantage. Id. Practitioners looking for guidance on when undisclosed privileged information “ought in fairness” be disclosed can look to decisions interpreting Rule 106, which the Explanatory Note identifies as the source of this language. “Under both [FRE 502(a) and 106], a party that makes a selective, misleading presentation that is unfair to the adversary opens itself to a more complete and accurate presentation.” Fed. R. Evid. 502(a) advisory committee’s note. See Chick-Fil-A v. ExxonMobil Corp., No. 08-61422-CIV, 2009 WL 3763032, at *7 (S.D. Fla. Nov. 10, 2009) (applying FRE 502(a) to find that defendant’s voluntary disclosure of otherwise protected work product resulted in subject matter waiver with respect to ordinary work product).

Compare:

Graff v. Haverhill North Coke Co., No. 1:09-cv-670, 2012 WL 5495514, at *16-17 (S.D. Ohio Nov. 13, 2012). The court observed that it would have been unfair to withhold documents underlying the disclosed audit, and found that subject matter waiver was warranted.


Bowles v. Nat’l Ass’n of Home Builders, 224 F.R.D. 246, 254-55 (D.D.C. 2004). Observing that the work product doctrine was more susceptible to selective waiver than attorney-client privilege, but holding that “sharp practices” in selectively disclosing work product led to subject-matter waiver.

Irwin Indus. Tool Co. v. Orosz, No. 03 C 1738, 2004 WL 2474318, at *2-3 (N.D. Ill. Mar. 17, 2004). Ordering law firm to produce internal work papers not communicated outside of firm that related to an opinion letter, lawsuit, and patented product when firm had rendered oral opinion prior to issuing written opinion.

McGrath v. Nassau Cnty. Health Care Corp., 204 F.R.D. 240, 248 (E.D.N.Y. 2001). Where defendant asserted its prompt investigation of an employee’s EEOC complaint as an affirmative defense, plaintiff was entitled to full discovery of information even though an attorney conducted the investigation.

Harding v. Dana Transp., Inc., 914 F. Supp. 1084, 1089 (D.N.J. 1996). Client retained attorney to conduct an internal investigation regarding allegations of sexual discrimination and then used the attorney’s findings to defend against the charges before the State Civil Rights Commission. The court held that such disclosure waived the work product privilege for all materials underlying attorney’s report.

Williams & Connolly v. SEC, 662 F.3d 1240, 1243-44 (D.C. Cir. 2011). Upholding district court decision that disclosure of 11 documents by the Department of Justice in a prior criminal action did not waive protection with regard to 103 other documents in a subsequent action brought by the SEC.

Hernandez v. Tanninen, 604 F.3d 1095, 1100-01 (9th Cir. 2010). Reversing the district court’s finding of blanket waiver, the Ninth Circuit held that plaintiff’s disclosure of notes of his attorney’s communications with the defendant constituted waiver only as to that subject.


Freedman v. Weatherford Int’l Ltd., No. 12 Civ. 2121(LAK)(JCF), 2014 WL 3767034, at *3-4 (S.D.N.Y. July 25, 2014). Defendant’s disclosure of internal investigation materials to the SEC did not result in subject matter waiver where there was no indication defendant sought to use the disclosure to its advantage in litigation.

Stoner v. N.Y.C. Ballet Co., No. 99 Civ. 0196 BSJMHD, 2003 WL 749893, at *2 (S.D.N.Y. Mar. 5, 2003). Finding that party seeking discovery of otherwise privileged material failed to show that this was a case where its adversary unfairly disclosed only a portion of a protected document.


In re Air Crash Disaster at Sioux City, 133 F.R.D. 515, 527 (N.D. Ill. 1990). Prior drafts of documents do not lose their work product protection merely because the final document is made public.


See also:

Gruss v. Zwirn, 296 F.R.D. 224, 231 (S.D.N.Y. 2013). Court rejected counsel’s assertion, made in a declaration to the court, that the entirety of counsel’s investigation interview notes and summaries were opinion work product. “[A]ttorney representations regarding the content of allegedly privileged materials do not preclude a court from conducting an in camera review of such materials. . . . [c]ounsel’s representation that every word in the interview memos constitutes ‘core opinion work product’ is not credible. Under such circumstances, in camera review is appropriate.”


Chambers v. Allstate Ins. Co., 206 F.R.D. 579, 589 (S.D. W. Va. 2002). “There is subject matter waiver when a party discloses non-opinion work product to an adversary, but there is no subject matter waiver of opinion work product.”

Static Control Components, Inc. v. Darkprint Imaging, 201 F.R.D. 431, 435 (M.D.N.C. 2001). Where party used tape recording of interview, waiver extended to non-opinion work product. However, the court did not require production of attorney notes containing opinion work product.
5. Selective Waiver: Reporting To Government Agencies

When litigants voluntarily disclose documents or communications to federal agencies, those materials may lose work product protection and be subject to discovery by other parties, including private litigants. Corporations have argued that such voluntary disclosures to government agencies are solely for the benefit of the public agency’s review, and not for purposes of private civil litigation. These companies have argued that limited disclosures should constitute no more than a “selective” waiver. See Westinghouse Elec. Corp. v. Republic of the Phil., 951 F.2d 1414, 1423 n.7 (3d Cir. 1991). The selective waiver concept allows a party to disclose a document to the government but retain work product protection against other litigants. Diversified Indus., Inc. v. Meredith, 572 F.2d 596, 611 (8th Cir. 1977) (en banc).

Most Circuits, however, have rejected the selective waiver doctrine with respect to work product protection as well as attorney-client privilege. See In re Pac. Pictures Corp., 679 F.3d 1121, 1128 (9th Cir. 2012) (en banc) (broadly rejecting selective waiver doctrine); In re Columbia/HCA Healthcare Corp. Billing Practices Litig., 293 F.3d 289, 306 (6th Cir. 2002) (“Many of the reasons for disallowing selective waiver in the attorney-client privilege context also apply to the work product doctrine.”); In re Qwest Commc’ns Int’l Inc., 450 F.3d 1179, 1196 (10th Cir. 2006), cert. denied, 127 S. Ct. 584 (2006) (in a matter of first impression, defendant corporation’s production of privileged materials to federal agencies in the course of agencies’ investigation constituted waiver of privilege as to third-party civil litigants, regardless of written confidentiality agreements between the corporation, the SEC, and the DOJ pursuant to which the corporation agreed to a limited release of the privileged documents); Westinghouse Elec. Corp. v. Republic of the Phil., 951 F.2d 1414 (3d Cir. 1991) (disclosure of work product during government’s investigation of corporation fully waived any attorney-client or work product protection, even with respect to third parties in civil litigation); In re Subpoenas Duces Tecum, 738 F.2d 1367, 1369 (D.C. Cir. 1984) (rejecting idea of “limited” (selective) waiver); Permian Corp. v. United States, 665 F.2d 1214, 1220 (D.C. Cir. 1981) (same); In re Initial Pub. Offering Sec. Litig., 249 F.R.D. 457, 465 (S.D.N.Y. 2008) (issuing an opinion broadly critical of selective waiver and holding that “there is a strong presumption against a finding of selective waiver, and it should not be permitted absent special circumstances”).

A party waives work product protection by disclosing information to an adversary, or under circumstances that substantially increase the likelihood that the potential adversary could obtain the information. Thus, work product have done so based on the rationale that the government is an adversary or potential adversary. See, e.g., In re Qwest Commc’ns Int’l Inc., 450 F.3d 1179, 1196 (10th Cir. 2006) (“Qwest disclosed to adversaries under agreements which did not realistically control further dissemination.”); In re Columbia/HCA Healthcare Corp. Billing Practices Litig., 293 F.3d 289, 305-06 (6th Cir. 2002) (“When a party discloses materials to a government agency investigating allegations against it, it uses those materials to forestall prosecution (if the charges are unfounded) or to obtain lenient treatment (in the case of well-founded allegations). These objectives, however rational, are foreign to the objectives underlying the work-product doctrine.”); United States v. Mass. Inst. of Tech., 129 F.3d 681, 687 (1st Cir. 1997) (government audit agency reviewing party’s expense submissions submitted in response to an IRS summons was a potential adversary); In re Steinhardt Partners
L.P., 9 F.3d 230 (2d Cir. 1993) (voluntary submission to the SEC waived work product protection in a later civil class action suit because the submission constituted a voluntary disclosure to an adversary; the court rejected the selective waiver concept since cooperation with the SEC was not likely to be affected in future cases but declined to lay down a per se rule of waiver in all cases, holding instead that analysis should be done on a case-by-case basis); Westinghouse Elec. Corp. v. Republic of Philippines, 951 F.2d 1414, 1429-29 (3d Cir. 1991) (DOJ and SEC considered company’s adversaries where company was the target of investigations by those agencies); In re Martin Marietta Corp., 856 F.2d 619, 625 (4th Cir. 1988) (U.S. Attorney and Department of Defense were adversaries where disclosures were made in a direct attempt to settle active controversies); In re Subpoena Duces Tecum, 738 F.2d 1367, 1372 (D.C. Cir. 1984) (adversarial relationship existed where disclosure was made to convince SEC not to pursue formal investigation or enforcement).

Where the disclosing party and the government share a common interest, however, courts may find that there has been no waiver. See, e.g., Castle v. Sangamo Weston, Inc., 744 F.2d 1464, 1466 (11th Cir. 1984) (turning over materials to EEOC attorneys did not result in waiver of work product protection since at that time private plaintiffs’ attorneys and counsel for EEOC were engaged in the preparation of a joint trial); U.S. v. American Tel. and Tel. Co., 642 F.2d 1285, 1298-1301 (D.C. Cir. 1980) (no waiver of work product where disclosing party and the government were proceeding against defendant on overlapping antitrust issues and shared common interests in developing legal theories and analyses with respect to their claims); E.I. Du Pont de Nemours & Co. v. Kolon Indus., Inc., Civil Action No. 3:09cv58, 2010 WL 1489966, at *8 (E.D. Va. Apr. 13, 2010) (work product protection was not waived by disclosure to the government where the government was investigating defendant, and plaintiff and the government shared a common interest in preventing trade secret theft); GAF Corp. v. Eastman Kodak Co., 85 F.R.D. 46, 52 (S.D.N.Y. 1979), abrogated on other grounds by In re Steinhardt Partners, L.P., 9 F.3d 230 (2d Cir. 1993) (disclosure of work product documents to government in voluntary cooperation with government investigation of defendant’s activities did not waive work product protection for those documents in disclosing party’s subsequent private litigation against defendant).

Some courts have been more willing to apply the selective waiver doctrine where the party has entered into a confidentiality agreement with the government. See, e.g., Police & Fire Ret. Sys. of the City of Detroit v. SafeNet, Inc., No. 06 Civ. 5797(PAC), 2010 WL 935317 (S.D.N.Y. Mar. 12, 2010) (defendant SafeNet did not waive work product protection when, pursuant to a confidentiality agreement, it produced privileged material to the SEC and the U.S. Attorney’s Office in the course of a government investigation); In re Natural Gas Commodity Litig., No. 03 Civ. 6186VMAJP, 2005 WL 1457666 (S.D.N.Y. June 21, 2005) (no waiver of work product protection where disclosing party entered into confidentiality agreement with the government); Maruzen Co., Ltd. v. HSBC USA, Inc., No. 00 CIV 1079(RO), 2002 WL 1628782, at *1-2 (S.D.N.Y. July 23, 2002) (denying motion to compel production of documents previously produced to a government agency because party had entered into a confidentiality agreement with that government agency). See also In re Cardinal Health, Inc. Sec. Litig., No. C2 04 575 575 ALM, 2007 WL 495150 (S.D.N.Y. Jan. 26, 2007) (no waiver of work product protection where documents were disclosed to the government, even in absence of a confidentiality agreement); Saito v. McKesson HBOC, Inc., No. Civ.A 18553, 2002 WL 31657622 (Del. Ch. Nov. 13, 2002) (adopting selective waiver doctrine). But see

For further discussion of selective waiver, including the safe harbor provided under the Federal Deposit Insurance Act, see Disclosure To The Government, § I.H, supra.

Although Federal Rule of Evidence 502 does not change the substantive law relating to selective waiver, see Fed. R. Evid. 502(d) advisory committee’s note, Rule 502(d) provides a mechanism by which parties may be able to prevent a broad subject matter waiver. Fed. R. Evid. 502(d). See SEC v. Bank of Am. Corp., No. 09 Civ. 06829, 2009 WL 3297493, at *3 (S.D.N.Y. Oct. 14, 2009) (entering a stipulated agreement and protective order to allow Bank of America to disclose and waive attorney-client privilege and work product protection for certain categories of information without thereby waiving privilege and protection regarding other non-disclosed information that might have been of interest in related private lawsuits); see also Whitaker Chalk Swindle & Sawyer, LLP v. Dart Oil & Gas Corp., No. 4:08-CV-684-Y, 2009 WL 464989, at *5 (N.D. Tex. Feb. 23, 2009) (ordering a party to produce documents in legal malpractice action but ordering that disclosure would not waive privilege with respect to other proceedings). See FRE 502(d) & (e): Court Orders And Party Agreements, § I.G.5.a(4), supra.

6. Inadvertent Disclosure

Before the enactment of Federal Rule of Evidence 502 in September 2008, inadvertent disclosure of work product was analyzed in much the same manner as inadvertent disclosure under the attorney-client privilege. Most courts applied a case-by-case analysis to determine the reasonableness of the precautions taken to protect against disclosure and the actions taken to recover the disclosed communication. Inadvertent disclosure of opinion work product often resulted in only a limited waiver, leaving materials on the same subject matter protected.

Compare:

Gundacker v. Unisys Corp., 151 F.3d 842, 844-45 (8th Cir. 1998). Inadvertent production of document detailing internal corporate investigation by counsel did not constitute waiver.

United States v. Rigas, 281 F. Supp. 2d 733, 738 (S.D.N.Y. 2003) (internal quotations omitted). Surveying various approaches to inadvertent disclosure and concluding: “Generally, courts in this District will not find waiver by inadvertent disclosure unless the producing party’s actions were so careless as to suggest that it was not concerned with the protection of the asserted privilege.”


With:


Carter v. Gibbs, 909 F.2d 1450, 1451 (Fed. Cir. 1990), superseded in non-relevant part, Pub. L. No. 103-424, § 9(c), 108 Stat. 4361 (1994), as recognized in Mudge v. United States, 308 F.3d 1220, 1223 (Fed. Cir. 2002). Voluntary disclosure of work product to an adversary constitutes waiver even though disclosure may have been inadvertent.


Cont’l Cas. Co. v. Under Armour, Inc., 537 F. Supp. 2d 761, 772-74 (D. Md. 2008). Insurer waived work product protection where claims adjuster, on four separate occasions, posted protected documents to a website that was accessible to an independent broker who provided the documents to the insured. However, the court did not find subject matter waiver.

Steppe v. Cleverdon, No. 06-144-JMH, 2007 WL 3354817 (E.D. Ky. Nov. 9, 2007). Inadvertent disclosure of otherwise protected work product to a party’s own testifying expert waived work product protection. In this action arising from a motor vehicle collision, defendant engaged a psychiatrist as a testifying expert. To enable the expert to prepare his report, defendant sent him a collection of documents. At the expert’s deposition, plaintiff learned that the collection included 59 pages of protected work product materials and demanded the production of those documents. Defendant refused, arguing that the documents had been inadvertently produced and should remain protected from discovery. Citing the Sixth Circuit’s decision in Regional Airport Authority of Louisville v. LFG, LLC, 460 F.3d 697 (6th Cir. 2006), the court held that all information disclosed to testifying experts is discoverable, whether or not the material was disclosed inadvertently, and whether or not the expert actually considered the documents in forming his opinion.

JSMS Rural LP v. GMG Capital Partners III, LP, No. 04 Civ. 8591 SAS MHD, 2006 WL 1520087, at *6 (S.D.N.Y. June 1, 2006). Party seeking to retrieve privileged documents after opponent used them as exhibits in depositions delayed too long in seeking the court’s assistance, thereby waiving privilege.


W. United Life Assurance Co. v. Fifth Third Bank, No. 02 C 7315, 2004 WL 2583920, at *4 (N.D. Ill. Nov. 12, 2004). Holding that, where party inadvertently produced protected work product (investigative
report), did not discover inadvertent disclosure for two years, waited a month to file a motion for protective order, and could not identify how the document had been produced for another month, actions were “too cavalier to suggest . . . secrecy,” resulting in waiver.

SEC v. Cassano, 189 F.R.D. 83 (S.D.N.Y. 1999). Finding waiver of work product privilege where the SEC produced one privileged document out of fifty to fifty-two boxes of reviewed documents. Not only did the existence of the single document show careless review, but the SEC’s failure to review the document after defense counsel specifically requested that it alone be copied outside of the agreed-to procedure for copying such documents, demonstrated waiver.


Federal Rule of Evidence 502, effective September 19, 2008, now controls in cases of inadvertent waiver. The new Rule 502(b) provides:

(b) Inadvertent disclosure.--When made in a Federal proceeding or to a federal office or agency, the disclosure does not operate as a waiver in a Federal or State proceeding if:

(1) the disclosure is inadvertent;

(2) the holder of the privilege or protection took reasonable steps to prevent disclosure; and

(3) the holder promptly took reasonable steps to rectify the error, including (if applicable) following Federal Rule of Civil Procedure 26(b)(5)(B).

FED. R. EVID. 502(b). Rule 502(a) also states that disclosures will not result in a broad subject matter waiver unless “(1) the waiver is intentional; (2) the disclosed and undisclosed communications or information concern the same subject matter; and (3) they ought in fairness to be considered together.” FED. R. EVID. 502(a). Rule 502’s procedure for determining whether disclosure was inadvertent applies to all proceedings that commenced after September 19, 2008, its date of enactment. As for proceedings pending on the date of enactment, Rule 502 applies “insofar as is just and practicable.” Act of Sept. 19, 2008, Pub. L. No. 110-322 § 1(c) (122 Stat. 3538).

Compare:

Skynet Elec. Co. v. Flextronics Int’l, Ltd., No. C 12-06317 WHA, 2013 WL 6623874, at *4 (N.D. Cal. Dec. 16, 2013). Under FRE 502(b), there is no waiver of the work product protection where the holder of the privilege took reasonable steps to prevent disclosure and promptly took reasonable steps to rectify the error. Here, work product protection was not waived because plaintiff immediately asserted privilege after inadvertently turning over the document and requested the document’s return within two hours of having been alerted of the disclosure to defendants.

Federal Rule of Evidence 502 was enacted to address the conflict among courts regarding the effect of inadvertent disclosures and validates certain clawback agreements.

Coburn Grp., LLC v. Whitecap Advisors LLC, 640 F. Supp. 2d 1032, 1039-41 (N.D. Ill. 2009). Work product protection not waived by inadvertent production under FRE 502: “In light of the large number of documents to be reviewed, Whitecap’s use of experienced paralegals who were given specific direction and supervision by a lawyer who is lead counsel in the case was not unreasonable.”

Heriot v. Byrne, 257 F.R.D. 645 (N.D. Ill. 2009). Court found that although the extent of the disclosure was broad, plaintiffs had been diligent both in initially reviewing the documents and in attempting to retrieve the documents promptly upon learning of the mistake. Under FRE 502, a party does not have to conduct a post-production review; it only has to take prompt steps to rectify an inadvertent disclosure after learning of the production error.

Rhoads Indus., Inc. v. Bldg. Materials Corp. of Am., 254 F.R.D. 216, 226-27 (E.D. Pa. 2008). Court applied Rule 502 even though case was commenced prior to its enactment and found that although the precautions to prevent inadvertent disclosure were not reasonable and the number and extent of the inadvertent disclosure of 800 privileged emails favored a finding of waiver, the overriding interest of justice favored protecting the privilege.

With:

Francisco v. Verizon S., Inc., 756 F. Supp. 2d 705, 718-720 (E.D. Va. 2010). Defendant could not claw back a document that it had intentionally produced even though it subsequently learned that the document was privileged.


Mt. Hawley Ins. Co. v. Felman Prod., Inc., 271 F.R.D. 125 (S.D. W. Va. 2010). Waiver found where privileged documents were inadvertently produced due to an error in a keyword search by an outside vendor because the disclosing party had engaged in other discovery misconduct.


Roe v. Saint Louis Univ., No. 4:08CV1474 JCH, 2010 WL 199948 (E.D. Mo. Jan. 14, 2010). Inadvertent disclosure resulted in waiver of work product protection when the defendant took insufficient precautions to prevent disclosure of work product and disclosure was broad.

Eden Isle Marina, Inc. v. United States, 89 Fed. Cl. 480, 520-21 (Fed. Cl. 2009). Finding government waived work product protection by inadvertent production where (1) government failed to provide the court with sufficient information to evaluate its screening procedures for preventing disclosure; (2) multiple disclosures of some of the documents suggested that government’s screening procedures were inadequate; (3) government permitted witnesses to continue to testify at deposition about the privileged documents, even after lodging objections to such testimony; (4) government placed the
documents at issue on its privilege log almost seven months after discovery of their disclosure, with some documents not added to the privilege log for nearly nine-and-one-half months, and others not added to the privilege log at all; and (5) government never sought a protective order from the court to limit further disclosure of the documents.

See also:

In re Grand Jury Subpoena Dated Mar. 20, 2013, No. 13-Mc-189 (Patt I), 2014 WL 2998527, at *12-14 (S.D.N.Y. July 2, 2014). The court applied a pre-FRE 502 balancing test for inadvertent disclosure to determine whether work product protection was waived following an unauthorized disclosure. An investigator retained by the lawyer of an individual who was the subject of a grand jury investigation turned over her investigative file to federal agents. The court held that work product protection over the investigator’s file was waived where the subject’s lawyers waited two weeks before contacting the government about the disclosure and three weeks after a deal to limit the scope of the investigator’s testimony fell through before filing a motion to quash the government’s subpoena.

The enactment of Federal Rule of Evidence 502 was motivated in large part by the enormous expenditure of resources devoted to avoiding inadvertent disclosure in cases involving large volumes of electronic discovery. The Advisory Committee Note to Rule 502 explains that Rule 502 was enacted in response to “the widespread complaint that litigation costs necessary to protect against waiver of attorney-client privilege or work product have become prohibitive due to the concern that any disclosure (however innocent or minimal) will operate as a subject matter waiver of all protected communications or information,” a concern that “is especially troubling in cases involving electronic discovery.” FED. R. EVID. 502 advisory committee’s note. Rule 502 relieves “litigants of the burden [of] a single mistake during the discovery process” by creating “a presumption for the return of inadvertently disclosed information.” Kristine L. Roberts & Mary S. Diemer, Rule of Evidence 502: Impact of Protective Orders and Subject Matter Waiver, 34 LITIG. NEWS 8 (2008-2009).

7. “At Issue” Waiver

The work product doctrine may be deemed waived when the protected material is itself an issue in the litigation. See Ivy Hotel San Diego, LLC v. Hous. Cas. Co., No. 10cv2183-L (BGS), 2011 WL 4914941, at *6-8 (S.D. Cal. Oct. 17, 2011) (holding that opinion work product was discoverable in part because opinions of counsel were at issue in litigation); Minn. Specialty Crops, Inc. v. Minn. Wild Hockey Club, L.P., 210 F.R.D. 673, 677 (D. Minn. 2002); Hager v. Bluefield Reg’l Med. Ctr., 170 F.R.D. 70 (D.D.C. 1997); Charlotte Motor Speedway, Inc. v. Int’l Ins. Co., 125 F.R.D. 127 (M.D.N.C. 1989); 6 J. MOORE ET AL., MOORE’S FEDERAL PRACTICE ¶ 26.70[6] (2019). This usually occurs when the client alleges reliance on the advice of counsel or otherwise puts the attorney’s advice into issue. Defenses that the attorney’s assistance was ineffective, negligent, or wrongful may also waive work product protection. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 92(1)(b) (2000). In these cases, the scope of the waiver extends only to the item disclosed, not to all related items. See Extent Of Waiver, § III.E.4, supra; see also RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 92 cmt. f (2000).
A client who claims to have acted pursuant to the advice of a lawyer cannot use the work product doctrine to immunize that advice from scrutiny. Such a defense places the advice “at issue” and removes the work product protection, even with respect to opinion work product. See Restatement (Third) of the Law Governing Lawyers § 92(1)(a) (2000).

See also:

New Phx. Sunrise Corp. v. Comm’r of Internal Revenue, 408 F. App’x 908, 918-20 (6th Cir. 2010). Taxpayer asserted a reasonable cause defense that it relied on a privileged tax opinion thereby waiving work product protection and attorney-client privilege with respect to any material concerning the same subject matter as the tax opinion.

Conkling v. Turner, 883 F.2d 431, 434-35 (5th Cir. 1989). Plaintiff claimed that he did not know of the falsity of some information until his attorney notified him. Court found that plaintiff’s attorney was subject to deposition since work product had been placed in issue by plaintiff.


Koumoulis v. Indep. Fin. Mktg. Grp., Inc., 295 F.R.D. 28, 40, 42, 47-48 (E.D.N.Y. 2013), aff’d, 2014 WL 223173 (E.D.N.Y. Jan. 21, 2014). A party cannot partially disclose privileged communications or affirmatively rely on privileged communications to support its claim or defense and then shield the underlying communications from scrutiny by the opposing party. Defendants waived work product protection by asserting, as an affirmative defense, both the reasonableness of their efforts to prevent and correct promptly any discriminatory behavior and the reasonableness of their policies and procedures for investigating and preventing discrimination. The court held that defendants could not assert both the privilege and the defense by selectively omitting certain communications.


Ivy Hotel San Diego, LLC v. Hous. Cas. Co., No. 10cv2183–L (BGS), 2011 WL 4914941, at *8 (S.D. Cal. Oct. 17, 2011). The court held that the work product over which defendant attempted to assert protection was discoverable (whether or not it was prepared in anticipation of litigation) because, in this bad faith insurance case, “the strategy, mental impressions and opinions of the insurer’s agents concerning handling the claim [we]re at issue.”

Angelone v. Xerox Corp., No. 09-CV-6019, 2011 WL 4473534, at *2-3 (W.D.N.Y. Sept. 26, 2011). The court noted that “the clear majority view is that when a . . . defendant affirmatively invokes a . . . defense
that is premised, in whole in or part, on the results of an internal investigation, the defendant waives the
attorney-client privilege and work product protections for not only the report itself, but for all
documents, witness interviews, notes and memoranda created as part of and in furtherance of the
investigation.” Accordingly, the court ordered the defendant to produce “any document or
communication considered, prepared, reviewed, or relied on . . . in creating or issuing” the investigation
report.

produce work product documents on which defendants claimed they relied.

Bowman v. Am. Homecare Supply, LLC, No. 07-3945, 2009 WL 1873667, at *4-5 (E.D. Pa., June 25,
2009). Party seeking contractual indemnification waived protection over relevant work product
prepared in the underlying action. Fairness and equity required production so that the plaintiff was not
deprived of information that was critical to an evaluation of the reasonableness of the settlement and of
attorney’s fees.

John Doe Co. v. United States, 350 F.3d 299, 302 (S.D.N.Y. 2003). Recognizing “at issue” waiver of
work product protection arises out of a matter of fairness to party who must rebut a claim based on
otherwise protected information.

after plaintiff brought his claim even though prior work product was discoverable as being “at issue.”

development of “at issue” waiver of work product protection in the Second Circuit.

protection waived with respect to documents generated and obtained during a corporate investigation
because corporation’s bankruptcy trustee placed the contents of the documents “at issue” by using the
documents to impeach witnesses during depositions and placing extensive excerpts from the documents
into a published report that served as a factual report for many of the claims.

activities of counsel are directly at issue, discovery is allowed through an exception to work product
immunity (even for opinion work product).

Coleco Indus., Inc. v. Universal City Studios, Inc., 110 F.R.D. 688, 690 (S.D.N.Y. 1986). Court noted
that “a consistent line of cases has developed an exception to the work product privilege where the party
raises an issue which depends upon an evaluation of the legal theories, opinions and conclusions of
counsel.” Thus, court held that corporation’s reliance on advice of counsel as a defense waived the
work product privilege.

Donovan v. Fitzsimmons, 90 F.R.D. 583, 588 (N.D. Ill. 1981). In breach of fiduciary duty case,
documents presumptively entitled to work product protection were found to be discoverable.

But see:

product protection is not waived by relying on advice of counsel to defend a claim of willful patent
infringement. Unless communicated to the client, such materials are not probative of intent and not
discernable.

In the context of patent infringement litigation, courts have adopted differing
approaches to deciding the scope of work product waiver where a defendant relies on an
“advice of counsel” defense. See Novartis Pharm. Corp. v. Eon Labs Mfg., Inc., 206 F.R.D.
396, 397-98 (D. Del. 2002). Some courts adopt a narrow view, holding that only communications between the attorney and accused infringer are probative of the accused infringer’s state of mind, and thus, that discovery is limited to such communications and excludes any inquiry into counsel’s work product not communicated to the alleged infringer. Id. at 398 (citing Thorn EMI N. Am. v. Micron Tech., 837 F. Supp. 616, 622 (D. Del. 1993)). Alternatively, other courts have held that counsel’s thoughts as reflected in work product are probative of what was communicated to the accused infringer and therefore permit discovery into counsel’s work product, as well as any communications between counsel and the accused infringer. Id. at 398 (citing Mosel Vitelic Corp. v. Micron Tech., Inc., 162 F. Supp. 2d 307 (D. Del. 2000)). At any rate, the court in Novartis court held that, rather than basing discoverability on the relevance of the work product to an advice of counsel defense, courts should adopt a bright line rule that a client asserting an “advice of counsel” defense knowingly waives attorney-client privilege and work product protection such that “everything with respect to the subject matter of counsel’s advice is discoverable.” Id. See Patents, § X, infra.

At least one court has held that an attorney can put work product “at issue” by making factual assertions regarding the party’s or counsel’s conduct during discovery. In re Intel Corp. Microprocessor Antitrust Litig., 258 F.R.D. 280, 291-95 (D. Del. 2008) (factual assertions by Intel regarding an internal investigation of its noncompliance with document retention agreement waived Intel’s work product privilege); see also Computer Network Corp. v. Spohler, 95 F.R.D. 500, 502-03 (D.D.C. 1982) (attorney-client privilege was waived where the general counsel signed an affidavit supporting the corporation’s opposition to expedited discovery that asserted facts going to the merits of the case). But see Auto Alliance Int’l, Inc. v. United States, 558 F. Supp. 2d 1377, 1382 (Ct. Int’l Trade 2008) (holding that an affidavit signed by attorney for the defendant, in support of reopening a deposition in light of new legal theories, did not put privileged materials at issue).

8. Testimonial Use

At times, work product may constitute direct and substantial evidence of a material issue in a case before a tribunal. The testimonial use of work product will usually render it unprotected and permit the discovery of undisclosed portions of materials relating to the same subject matter. See Restatement (Third) of the Law Governing Lawyers § 92(2) (2000).

See also:


United States v. Salsedo, 607 F.2d 318, 320-21 (9th Cir. 1979). Defense forfeited work product protection for materials that were used to cross-examine a witness.

adequately present his client’s case and often relies on them in examining witnesses. When so used, there is normally no waiver. But where . . . counsel attempts to make testimonial use of these materials[,] the normal rules of evidence come into play with respect to cross-examination and production of document.”


Coleco Indus., Inc. v. Universal City Studios, Inc., 110 F.R.D. 688, 691-92 (S.D.N.Y. 1986). Where privileged documents were selectively disclosed in order to secure a partial new trial in a separate action, fairness dictated an implied waiver of all work product relevant to the same issue in the instant action.

Ratke v. Comm’r of Internal Revenue, 129 T.C. 45, 57 (T.C. 2007). Holding that “although partial disclosure is not necessarily fatal to a claim of work product doctrine privilege, a ‘testimonial use’ of the disclosed materials may result in a conclusion that in fairness the related material must be disclosed even though it would otherwise be protected from disclosure.”

But see:

Duplan Corp. v. Deering Milliken, Inc., 540 F.2d 1215, 1222-23 (4th Cir. 1976). Work product waiver does not occur if the testimonial use involves only a partial or inadvertent disclosure.

O’Connor v. Boeing N. Am., Inc., 216 F.R.D. 640, 644 (C.D. Cal. 2003). Holding “testimonial use” waiver inapplicable where counsel merely used information from witness interview to formulate questions used during the deposition of another witness.

In re Oltmann, Bankr. No. 07-19488 HRT, Adv. No. 07-1753 HRT, 2013 WL 414212, at *2-3 (Bankr. D. Colo. Feb. 1, 2013). “Testimonial use” waiver inapplicable where “Plaintiff used information discovered by its investigator to respond to interrogatory questions and to respond to questions put to Plaintiff’s designated representative during her deposition.”

9. Use Of Documents By Witnesses And Experts

a. Refreshing Recollection Of Fact Witnesses

Work product protection may be waived by using protected documents to refresh the recollection of a witness. The decisions in this area are balanced between the conflicting protection afforded by the work product doctrine and the requirement of Federal Rule of Evidence 612 to reveal items that a witness has used to refresh his or her recollection. Rule 612 requires a party to reveal any writing when “a witness uses a writing to refresh memory” for the purpose of testifying, Fed. R. Evid. 612, either in court or depositions. Lawson v. U.S. Dep’t of Veterans Affairs, No. 97Civ.9239(AJP)(JSM), 1998 WL 312239 (S.D.N.Y. June 12, 1998). But see Omaha Pub. Power Dist. v. Foster Wheeler Corp., 109 F.R.D. 615, 616-17 (D. Neb. 1986) (questioning whether Rule 612 applies to materials used to prepare a witness for deposition testimony).

Under Federal Rule of Evidence 612, if the witness uses the communication to refresh his or her recollection or aid his or her testimony while he or she is actually testifying before a tribunal, then the privilege is waived and the court must order disclosure. Fed. R. Evid. 612(a)(1); see also Chavis v. North Carolina, 637 F.2d 213, 223-24 (4th Cir. 1980)
(when witness referred to work product material and used it to bolster his credibility at trial, court ordered the material produced); In re Urethane Antitrust Litig., Nos. 04-MD-1616-JWL, 09-2026-JWL, 10-2077-JWL, 2013 WL 4781035, at *1 (D. Kan. Sept. 5, 2013) (disclosure of work product to former employee to assist in deposition waived protection); S & A Painting Co., Inc. v. O.W.B. Corp., 103 F.R.D. 407, 409-10 (W.D. Pa. 1984) (work product protection was waived when witness examined and referred to a portion of attorney’s handwritten notes during his deposition). However, if the witness used the communication to refresh his recollection prior to testifying, then the court has discretion regarding whether to order disclosure in the interests of justice. FED. R. EVID. 612(2). But see In re Methyl Tertiary Butyl Ether Prod. Liab. Litig., No. MDL 1358 (SAS), No. M-21-88, 2012 WL 2044432, at *3 (S.D.N.Y. June 6, 2012) (use of protected work product to refresh memory during testimony was not per se waiver; balancing approach is appropriate under both FRE 612(a)(1) and (2)).

Before exercising its discretion, the court should determine whether the protected document was used for the primary purpose of preparing to testify or for some other reason. See Restatement (Third) of the Law Governing Lawyers § 92 cmt. e (2000). Most courts require a showing that the protected documents used to prepare a witness actually impacted the witness’s testimony. See Sporck v. Peil, 759 F.2d 312, 317-318 (3d Cir. 1985) (applying three-part test to find no waiver: “1) the witness must use the writing to refresh his memory; 2) the witness must use the writing for the purpose of testifying; and 3) the court must determine that production is necessary in the interests of justice”); In re Rivastigmine Patent Litig., 486 F. Supp. 2d 241, 243-44 (S.D.N.Y. 2007) (applying a two-part “functional analysis” test to find no waiver: (1) a threshold showing that documents had sufficient impact on witness’s testimony to trigger Rule 612; and (2) a balancing test, “considering such factors as whether production is necessary for fair cross-examination or whether the examining party is simply engaged in a ‘fishing expedition’”); U.S. ex rel. Bagley v. TRW, Inc., 212 F.R.D. 554, 565 (C.D. Cal. 2003) (applying Sporck test). But see Chase v. Nova Se. Univ., No. 11-61290-CIV, 2012 WL 204173, at *2 (S.D. Fla. Jan. 24, 2012) (citations omitted) (opining that the Eleventh Circuit had not yet had the opportunity to consider the applicability of Sporck, but noting that district courts in the Circuit had crafted a narrower application based on the Sporck dissent, and holding the party seeking protection must “come forward with evidence that the disclosure of requested documents creates a real, non-speculative danger of revealing counsel’s thoughts”); In re Method or Processing Ethanol Byproducts & Related Subsystems (858) Patent Litig., 280 F.R.D. 441, 445-46 (S.D. Ind. 2011) (expressing unwillingness to adopt the Sporck rationale); AudiotextComm’ns Network, Inc. v. U.S. Telecom, Inc., 164 F.R.D. 250, 254 (D. Kan. 1996) (although a party seeking work product must show that the documents “actually influenced the witness’ testimony . . . [a]ctual refreshment of recollection is immaterial”).

Courts have taken a number of different approaches to determining whether work product should be disclosed in the interests of justice pursuant to Rule 612(a)(2). For example, in Sporck v. Peil, the Third Circuit held that Rule 612 does not infringe on the protection afforded work product if courts properly require the party seeking production to establish that the witness actually relied upon a particular document and that the document impacted the witness’s testimony in order to obtain disclosure. 759 F.2d at 318. See also Omaha Pub. Power Dist. v. Foster Wheeler Corp., 109 F.R.D. 615, 616-17 (D. Neb. 1986) (following approach taken in Sporck). Other courts have found that the deliberate use of protected documents to
prepare a witness is sufficient in and of itself to satisfy the interests of justice standard. See James Julian, Inc. v. Raytheon Co., 93 F.R.D. 138, 144-46 (D. Del. 1982). Finally, some courts balance the interest of protecting work product with the interest of permitting an adverse party to obtain information necessary to conduct an effective cross-examination. See Lawson v. United States, No. 97 Civ. 9239 (AJP) (JSM), 1998 WL 312239, at *1 (S.D.N.Y. July 12, 1998).

See also:

Tattletale Portable Alarm Sys., Inc. v. Calfee, Halter, & Griswold, LLP, 276 F.R.D. 573, 576-77 (S.D. Ohio 2011). Court ordered deponent to produce a timeline prepared by his attorneys that deponent used to refresh his memory prior to deposition. Court noted that a basic time line contained compilations of dates but not attorney mental impressions, opinions, or conclusions and was only ordinary work product. However, in a later decision, Tattletale Portable Alarm Sys., Inc. v. Calfee, Halter, & Griswold, LLP, No. 2:10-cv-226, 2012 WL 2062648 (S.D. Ohio, June 7, 2012), the court, after reviewing the time line in camera, determined that the time line was work product, that the use of the time line to refresh deponent’s recollection did not waive work product protection, and that the time line therefore should not have been ordered disclosed.

In re Yasmin & Yaz (Drospirenone) Mktg., Sales Practices & Relevant Prods. Liab. Litig., No. 3:09-md-02100-DRH-PMF, 2011 WL 2580764, at *1-2 (S.D. Ill. June 29, 2011). The court adopted the Sporck “zone of privacy” rationale and held that forcing the defendant to disclose a compilation of documents assembled for deposition preparation would “implicitly reveal the thought processes of the attorney who selected the documents and would allow plaintiffs to glean which documents, out of the millions already produced, opposing counsel believes are legally significant.” Accordingly, the court found that “counsel’s selection of documents in preparation for a client’s deposition is shielded from discovery under the work-product doctrine.”

Donjon Marine Co. v. Buchanan Marine, L.P., No. 3:09CV1005 (WWE), 2010 WL 2977044, at *2 (D. Conn. July 21, 2010). Plaintiff not allowed to discover a protected memorandum that a witness reviewed in preparation for his deposition. After reviewing the memorandum in camera, the court found that there was no need for defendant to produce the document where there was no information in the memorandum that was not included in the deponent’s testimony, there was nothing inconsistent between the memorandum and the testimony, the witness’s testimony was more detailed than the memorandum, and it did not appear that the witness’s review of the memorandum had a “significant impact” on the testimony.

Napolitano v. Omaha Airport Auth., No. 8:08CV299, 2009 WL 1393392, at *5 (D. Neb. May 11, 2009). Where plaintiff reviewed contemporaneous notes taken at the direction of counsel regarding the investigation that led to plaintiff’s termination and refreshed his recollection prior to his deposition, the court ordered plaintiff to produce such notes. FRE 612 weighed in favor of a finding of substantial need to discover fact work product because a deposing attorney has a legitimate need to know whether a witness is testifying from personal memory or only from what he has memorialized.

Reed v. Advocate Health Care, No. 06 C 3337, 2008 WL 162760, at *2 (N.D. Ill. Jan. 17, 2008). The court adopted the Raytheon approach and reopened a deposition to allow the plaintiff to question the defendant’s employee regarding which documents counsel used to refresh recollection in preparation for deposition.

Lawson v. United States, No.97Civ.9239(AJP)(JSM), 1998 WL 312239, at *1 (S.D.N.Y. June 12, 1998). Court ordered the production of work product because the application of a three-factor balancing test indicated that the disclosure of the material would be in the interests of justice.
The court found that an analysis of the facts of each case was necessary to determine whether the disclosure of work product would be in the interests of justice. The court identified three factors that should be considered in making the determination: (1) “whether the attorney using the work product attempted ‘to exceed limits of preparation on one hand and concealment on the other,’” (2) “whether the work product is ‘factual’ work product or ‘opinion’ work product” and (3) “whether the request [for production] constitutes a fishing expedition.”

Work product protection was waived for the excerpts of deposition transcripts reviewed by deponent to refresh his recollection.

Use of protected documents to refresh a witness’s recollection does not automatically waive work product protection, but such use will be evaluated on a case by case basis to ensure that a party does not make “unfair use” of the work product doctrine.

While a number of courts have removed protection for ordinary work product, many courts have applied heightened protection for opinion work product that is shown to a fact witness. See 4 Jack W. Weinstein et al., Weinstein’s Federal Evidence ¶ 612.05[3] (Lexis 2014) (court should require showing of need before compelling disclosure of protected documents).

See also:

But see:
Deponent will be compelled to disclose only the documents that he actually used to refresh his memory, not all opinion work product that counsel showed him in preparation for his testimony.

In re Seroquel Prods. Liab. Litig., No. 6:06-md-1769-Orl-22DAB, 2008 WL 215707, at *3, *5 (M.D. Fla. Jan. 24, 2008) (emphasis in original). The court was critical of Spork v. Peil, 759 F.2d 312 (3d Cir. 1985), but nonetheless required disclosure of documents the attorney reviewed with the witness during extensive deposition preparation. The court found no evidence of “improper witness coaching” but ordered disclosure of the documents because extensive preparation by counsel may have influenced the witness: “[T]he only documents reviewed by a twenty-year employee over the course of six days of preparation are 42 documents out of 15,835 exclusively selected by counsel . . . .”


Omaha Pub. Power Dist. v. Foster Wheeler Corp., 109 F.R.D. 615, 616-17 (D. Neb. 1986). The court doubted that Federal Rule of Evidence 612 applied to deposition testimony, but applied the Sporck standard requiring a party to first elicit testimony from deponent and then ask the witness to identify which documents, if any, informed that testimony.

b. Use Of Documents By Experts

As discussed in this section, and in Use of Documents By Experts, § I.G.11(b), above, the 2010 amendments to Federal Rule of Civil Procedure 26 significantly changed the landscape of expert discovery. Rule 26 now generally closes the door on discovery of attorney-expert communications and draft expert reports. The scope of discoverable information has been modified from “data or other information” to “facts or data” in order to protect the mental impressions and opinions of counsel. See Fed. R. Civ. P. 26(a)(2)(B)(ii). However, the rule retains the broad “considered” standard, which allows discovery of not only what an expert “relies on,” but all facts or data considered by the expert. Id.; see also In re Methyl Tertiary Butyl Ether Prods. Liab. Litig., 293 F.R.D. 568, 574 (S.D.N.Y. 2013) (work product protection related to facts was waived where expert considered materials; a party seeking production of protected documents should not have to rely on the resisting party’s representation that the documents were not considered by the expert in forming his opinion). This section begins with a discussion of pre-2010 amendment case law, followed by a discussion of the amended rule.

Prior to the 2010 amendments to Rule 26, courts struggled to define the extent and type of waiver that resulted from the disclosure of work product to expert witnesses. Due to the importance placed on discovering information considered by testifying experts, hardship and need were usually fairly easy to prove when the challenge involved ordinary work product. Thus, in most cases, ordinary work product was discoverable under regular application of pre-2010 Federal Rule of Civil Procedure 26(b)(3). However, in light of the extra protection afforded opinion work product, the courts disagreed over the showing needed to discover opinion work product that was disclosed to experts. This tension was particularly acute because of the conflicting rationales of Rule 26(b)(3) (regarding the protection of opinion work product) and Rule 26(b)(4) (regarding the discovery of materials on which expert testimony is based). See In re Cendant Corp. Sec. Litig., 343 F.3d 658, 665 (3d Cir. 2003); Bogosian v. Gulf Oil Corp., 738 F.2d 587, 590-91 (3d Cir. 1984); Mfg. Admin. & Mgmt. Sys., Inc. v. ICT Grp., Inc., 212 F.R.D. 110, 113-14 (E.D.N.Y. 2002); Intermedics, Inc. v. Ventritex, Inc., 139 F.R.D. 384, 391 (N.D. Cal. 1991).
The 1993 Amendments to Rule 26(a)(2)(B) added to the confusion regarding the treatment of opinion work product used to prepare expert witnesses. Under the 1993 Amendments, Rule 26(a)(2)(B) required parties to identify expert witnesses and to produce a “written report prepared and signed by the witness.” The expert report had to include a description of the information that the expert considered while preparing to testify. This language created ambiguity as to whether opinion work product conveyed to the expert had to be included in the expert report. Further, the advisory committee note to the 1993 Amendments to Rule 26(a)(2)(B) provided that “[g]iven this obligation of disclosure, litigants should no longer be able to argue that materials furnished to their experts to be used in forming their opinions . . . are privileged or otherwise protected from disclosure.” Fed. R. Civ. P. 26(a)(2)(B) (1993 Amendments) advisory committee’s note.


Other courts found that the 1993 amendments to Rule 26(a)(2)(B) were not intended to establish a bright-line rule requiring disclosure of all materials reviewed by experts while preparing to testify. See Magee v. Paul Revere Life Ins. Co., 172 F.R.D. 627, 642 (E.D.N.Y. 1997) (holding that the disclosure requirements of Rule 26(a)(2)(B) “extend only to factual materials, and not to core attorney work product considered by an expert”); All W. Pet Supply Co. v. Hill’s Pet Prods., 152 F.R.D. 634, 639 n.9 (D. Kan. 1993) (interpreting Rule 26(a)(2)(B) as requiring only the disclosure of facts, not entire documents considered by experts).

Courts generally took one of four different approaches in this area:

1. Work product that is shown to experts is unprotected.
2. Work product shown to experts is discoverable under a balancing approach.
3. Particular work product documents that an expert relies upon are discoverable.
Opinion work product is absolutely protected even if shown to experts.

Notwithstanding these differences, courts agreed that the factual basis of an expert’s testimony is always discoverable, even in jurisdictions that provided absolute protection for opinion work product. See Bogosian v. Gulf Oil Corp., 738 F.2d 587, 690 (3d Cir. 1984). Similarly, a document containing both opinions and facts could be discovered after in camera inspection and redaction to leave only the factual information. Id. at 596.

As a result of the uncertainty in this area, however, there was always a chance that counsel would be required to produce documents that were shown to an expert witness. Therefore, it was recommended that an attorney should not reveal to experts any documents containing important theories or thought processes. See 4 Jack W. Weinstein et al., Weinstein’s Federal Evidence ¶ 612.04[2] (Lexis 2014).

Pre-2010 Approach #1: Work Product Shown To Experts Not Protected

Courts adopting this approach held that anything a lawyer gave to an expert was discoverable. See Reg’l Airport Auth. of Louisville v. LFG, LLC, 460 F.3d 697, 715-16 (6th Cir. 2006) (all information provided to testifying experts, even if it contained attorney work product, must be disclosed); Karn v. Ingersoll Rand, 168 F.R.D. 633, 639 (N.D. Ind. 1996); James Julian, Inc. v. Raytheon Co., 93 F.R.D. 138 (D. Del. 1982).

See also:

Ecuadorian Plaintiffs v. Chevron Corp., 619 F.3d 373, 378 (5th Cir. 2010). To the extent that any work product was disclosed to the court-appointed testifying expert, the work product protection was waived.

Elm Grove Coal Co. v. Dir. of the Office of Worker’s Comp. Programs, 480 F.3d 278, 301-02 (4th Cir. 2007). Materials disclosed to a party’s testifying expert were available to the opposing side and not protected as opinion work product under the administrative rules governing worker’s compensation claims.


Oklahoma v. Tyson Foods, Inc., No. 05-CV-329-GKF-PJC, 2009 WL 1578937, at *3-4 (N.D. Okla. June 2, 2009). Consultant turned testifying expert was required to disclose all material to which he had access as a litigation consultant. The court found that FRCP 26(a)(2) creates a “bright-line” approach, mandating “full disclosure of those materials reviewed by an expert witness.”

In re Commercial Money Ctr. Inc., Equip. Lease Litig., 248 F.R.D. 532, 535-41 (N.D. Ohio 2008). The court held that all documents from all parties relevant to the opinion of a shared expert retained pursuant to a common-interest agreement must be disclosed even though only one of the parties called the expert to testify.
Disclosure of all materials considered by a party’s expert, including those protected by the work product doctrine, “creates a level playing field” by providing the opposing party with the information necessary to effectively cross-examine the witness.

Adopting brightline rule that all materials shown to expert are discoverable.

Intermedics, Inc. v. Ventritex, Inc., 139 F.R.D. 384, 387 (N.D. Cal. 1991). The court set forth an “open balancing analysis” and concluded that the work product rationale is not damaged if lawyers know in advance that anything they send to an expert will be discoverable. The court felt that this “sunshine factor” would make documents shown to experts more objective and improve the truth-finding process. Thus, “absent an extraordinary showing of unfairness” all oral and written communications between counsel and a testifying expert would be discoverable if they are related to the subject of the expert’s testimony.

(2) Pre-2010 Approach #2: Work Product Shown To Experts Is Discoverable Under A Balancing Approach

Some courts balanced several factors to determine whether the production of work product materials was required in the interests of justice. Courts examined such factors as:

(1) the likelihood of coaching,
(2) the nature of the work product sought,
(3) the value of the information for impeachment, and
(4) the extent that the request was merely a fishing expedition.


(3) Pre-2010 Approach #3: Opinion Work Product Is Absolutely Protected Even If Shown To Experts

Some courts refused to make an exception for opinion work product materials shown to experts. Those courts found that opinion work product remains undiscoverable even when used by an expert to formulate testimony. See United States v. 215.7 Acres of Land, 719 F. Supp. 273 (D. Del. 1989); Hamel v. Gen. Motors Corp., 128 F.R.D. 281 (D. Kan. 1989);

See also:

*In re Cendant Corp. Sec. Litig.*, 343 F.3d 658, 664-65 (3d Cir. 2003). Citing *Bogosian* in holding that work product shown to non-testifying expert is not discoverable absent showing of extraordinary circumstances.


*Pritchard v. Dow Agro Scis.*, 263 F.R.D. 277, 290-93 (W.D. Pa. 2009). Applying *Bogosian*, the court held that defendants were not entitled to discover communications between plaintiffs’ counsel and plaintiffs’ testifying expert witness that contained core opinion work product. Further, the court found that Rule 26(a)(2)(B) required production of only factual data and information that had been provided to an expert, leaving Rule 26(b)(3)’s protection of opinion work product undisturbed.

*Magee v. Paul Revere Life Ins. Co.*, 172 F.R.D. 627, 642 (E.D.N.Y. 1997). Core work product protection was not vitiated by an expert’s use of the work product while preparing to testify. Federal Rule of Civil Procedure 26(a)(2)(B) required the disclosure of only “factual materials” and not core attorney work product considered by an expert.

*Haworth, Inc. v. Herman Miller, Inc.*, 162 F.R.D. 289, 294 (W.D. Mich. 1995). “[N]othing in . . . [Rules 26(b)(3) or 26(b)(4)] or the committee notes . . . suggests core attorney work product was discoverable under [Rule 26(b)(4)].” Court concluded that core opinion work product provided to expert witness was protected.


*All W. Pet Supply Co. v. Hill’s Pet Prods.*, 152 F.R.D. 634, 639 (D. Kan. 1993). The protection afforded work product materials, including opinion work product materials, was not avoided “simply because the attorney’s work product . . . was transmitted to his client’s expert witness and considered in the course of preparing an expert opinion for purposes of testifying at trial.” Federal Rule of Civil Procedure 26(a)(2)(B) only required the disclosure of the facts that an expert considered and not “the documents that transmitted the data or information.” *Id.* at 639 n.9 (emphasis in original).

*Branlette v. Hyundai Motor Co.*, No. 91 C 3635, 1993 WL 338980, at *3 (N.D. Ill. Sept. 1, 1993). Showing opinion work product to an expert witness did not waive protection; instead, the solution was to redact the document omitting the opinion work product.

*Elco Indus., Inc. v. Hogg*, No. 86 C 6947, 1988 WL 20055, at *1 (N.D. Ill. Feb. 29, 1988). Work product materials given to an expert were discoverable if they may have influenced and shaped expert’s testimony. However, attorney’s mental impressions remained protected and should be redacted.

But see:

*Doe v. Luzerne Cnty.*, No 3:04-1637, 2008 WL 2518131, at *2-4 (M.D. Pa. June 19, 2008). The court applied the *In re Cendant* test but held that privileged materials relied on by an expert in their report must be disclosed under Federal Rule of Civil Procedure 26(b)(4)(B). The court distinguished cases that refused to compel disclosure where privileged material was only disclosed to, and not relied on by, the expert.
The court required the disclosure of draft expert reports, rejecting the argument that they were protected by the work product doctrine.


(4) 2010 Amendments To Federal Rule Of Civil Procedure 26

The 2010 Amendments to Federal Rule of Civil Procedure 26 that were first proposed in 2008, approved by the Judicial Conference Committee on Rules of Practice and Procedure in September 2009, and submitted to the Supreme Court for approval were subsequently adopted and became effective on December 1, 2010. These amendments resolved the existing split of authority in favor of greater protection of information disclosed to experts in three principal ways. First, language requiring the disclosure of “data or other information” in the expert report has been replaced with language requiring only the disclosure of “the facts or data” considered by the expert in forming his or her opinion, thereby clarifying that communications between counsel and experts are protected from disclosure. Fed. R. Civ. P. 26(a)(2)(B)(ii). The advisory committee comments to amended Rule 26(a)(2)(B) explain that this amendment was designed specifically to alter case law that developed following the 1993 amendments to Rule 26:

This amendment is intended to alter the outcome in cases that have relied on the 1993 formulation in requiring disclosure of all attorney-expert communications and draft reports. The amendments to Rule 26(b)(4) make this change explicit by providing work product protection against discovery regarding draft reports and disclosures or attorney-expert communications. The focus of disclosure on “facts or data” is meant to limit disclosure to material of a factual nature by excluding theories or mental impressions of counsel. At the same time, the intention is that “facts or data” be interpreted broadly to require disclosure of any material considered by the expert, from whatever source, that contains factual ingredients.


Second, the new Rule 26(b)(4)(B) protects draft expert reports:

(B) Trial-Preparation Protection for Draft Reports or Disclosures. Rules 26(b)(3)(A) and (B) protect drafts of any report or disclosure required under Rule 26(a)(2), regardless of the form in which the draft is recorded.


Third, amended Rule 26(b)(4)(C) extends work product protection to most communications between attorneys and retained experts, subject only to three exceptions:
Trial-Preparation Protection for Communications Between a Party’s Attorney and Expert Witnesses. Rules 26(b)(3)(A) and (B) protect communications between the party’s attorney and any witness required to provide a report under Rule 26(a)(2)(B), regardless of the form of the communications, except to the extent that the communications:

(i) relate to compensation for the expert’s study or testimony;
(ii) identify facts or data that the party’s attorney provided and that the expert considered in forming the opinions to be expressed; or
(iii) identify assumptions that the party’s attorney provided and that the expert relied on in forming the opinions to be expressed.

FED. R. CIV. P. 26(b)(4)(C).

The advisory committee notes to Rule 26(b)(4)(C) explain the intention of the new rule:

Rule 26(b)(4)(C) is added to provide work product protection for attorney-expert communications, regardless of the form of communications, whether oral, written, electronic, or otherwise. The addition of Rule (b)(4)(C) is designed to protect counsel’s work product and ensure that lawyers may interact with retained experts without fear of exposing those communications to searching discovery. . . . Protected “communications” include those between the party’s attorney and assistants of the expert witness. . . . The rule does not exclude protection under other doctrines, such as privilege or independent development of the work product doctrine.

FED. R. CIV. P. 26(b)(4) (2010 amendments) advisory committee’s note.

Rule 26(b)(4)(C)(i) to (iii) provides for three specific exceptions in which discovery of attorney-expert communications are permissible. The advisory committee explained that discovery beyond these three narrow exceptions should be “rare.” The advisory committee notes state:

Under the amended rule, discovery regarding attorney-expert communications on subjects outside the three exceptions in Rule 26(b)(4)(C), or regarding draft expert reports or disclosures, is permitted only in limited circumstances and by court order. A party seeking such discovery must make the showing specified in Rule 26(b)(3)(A)(ii) – that the party has a substantial need for the discovery and cannot obtain the substantial equivalent without undue hardship. It will be rare for a party to be able to make such a showing given the broad disclosure and discovery otherwise allowed regarding the expert’s testimony. A party’s failure to provide required disclosure or discovery does not show the need and hardship required by Rule 26(b)(3)(A); remedies are provided by Rule 37.

FED. R. CIV. P. 26(b)(4) (2010 amendments) advisory committee’s note.
When proposed, the amendments sparked considerable debate among academics and practitioners. Academics who opposed the amendments expressed concern that the amendments “would further ratify the role of experts as paid, partisan advocates, rather than independent, learned observers.” Minutes of the January 13, 2009 Meeting of the Judicial Conference Committee on Rules of Practice and Procedure, 2009 WL 1974427, at *13. Further, they argued that, with the adoption of the 2010 Amendments, relevant information contained in draft reports and communications with experts will be now be concealed. Id. Practitioners stated that lawyers today avoid communications with their testifying experts and discourage drafting reports, often employing two experts, one to testify and another to assess candidly. Id. at *13-14. This has become particularly burdensome, and the amended Rule will “help to reduce the costs of discovery without sacrificing any information that litigants truly need.” Id. at 12. The Advisory Committee concluded that it is “vital to the legal process for lawyers to be able to interact freely with their experts without fear of having to disclose all their conversations and drafts to their adversaries.” Id. at *13. For further discussion on the implications of the new amendments, see generally Gregory P. Joseph, 2010 Expert Witness Rule Amendments, 21 PRAC. LITIGATOR 51 (2010).

As a result of the 2010 amendments, discovery of attorney-expert communications and draft expert reports is now generally out of bounds.

See:

*Republic of Ecuador v. Mackay*, 742 F.3d 860, 870-71 (9th Cir. 2014). The court rejected the argument that the 2010 amendments fundamentally restructured Rule 26 such that expert materials are now presumptively privileged, noting that the “driving purpose” of the amendments was to protect opinion work product. Court stated that Rule 26(b)(4) “does not provide presumptive protection for all testifying expert materials as trial preparation materials.”

*In re Republic of Ecuador*, 735 F.3d 1179, 1187 (10th Cir. 2013). Amendments to Rule 26 are meant to refocus disclosure on facts and data and exclude theories or mental impressions of counsel. The amendments are also to be interpreted broadly—the Rule requires disclosure of any material considered by an expert, from whatever source, that contains factual ingredients.

*Genesco, Inc. v. Visa U.S.A., Inc.*, No. 3:13-0202, 2014 WL 935329, at *25 (M.D. Tenn. Mar. 10, 2014). Discovery of non-testifying consultant’s report was governed by Fed. R. Civ. P. 26(b)(4)(D), which requires a showing of exceptional circumstances before a party may discover materials prepared by a non-testifying consultant. Plaintiff hired two consulting firms. The first firm was hired pursuant to a contractual obligation with defendant, and the firm’s report was produced to defendant. The second firm was engaged by plaintiff’s general counsel to provide advice regarding the data breach underlying the litigation with defendant and the first consultant’s report. The court held that defendant failed to meet the required showing and that plaintiff’s affidavit provided sufficient information to assert the privilege over the second consultant’s work product.

*Spirit Master Funding, LLC v. Pike Nurseries Acquisition, LLC*, 287 F.R.D. 680 (N.D. Ga. 2012). The court ruled that documents containing facts that were so intertwined with the attorney’s mental impressions were not discoverable, but that factual information could be discovered through interrogatories and depositions.

*Fialkowski v. Perry*, No. 11-5139, 2012 WL 2527020, at *3-4 (E.D. Pa. June 29, 2012). Amendments to Rule 26 allow for discovery of materials to the extent that they contain facts or data that the expert considered or assumptions that the expert relied on in forming the opinions to be expressed.
In re Methyl Tertiary Butyl Ether Prods. Liab. Litig., 293 F.R.D. 568, 574, 575-77 (S.D.N.Y. 2013). The amendments clarify that facts and data considered by testifying experts are outside the scope of work product protection but that attorney theories and impressions are not discoverable. Rule 26 requires the disclosure of any material considered by a testifying expert that contains factual ingredients. In particular, when a dual consulting/testifying expert witness considers factual data prepared while forming his views regarding issues upon which he will be offering his opinions, the factual data is not privileged or protected from discovery. Court held that work product protection related to facts was waived because expert considered certain materials, but draft reports remained protected.

Ecuador v. Bjorkman, No. 11-cv-01470-WYD-MEH, 2012 WL 12755 (D. Colo. Jan. 4, 2012). Relying on amended Rule 26, defendant withheld expert materials that had been prepared in an underlying litigation. Plaintiff argued, inter alia, that Bjorkman was not a testifying expert witness in this proceeding and that Rule 26 does not allow the withholding of facts or data considered by the expert, even if prepared in anticipation of litigation. The court found that, although Bjorkman was not a testifying expert in the instant proceeding, he was a testifying expert in the underlying litigation. Therefore, he was within the protections intended by amended Rule 26. The court also held that, although defendant could withhold communications with counsel and draft reports, he could not withhold facts or data considered in forming his opinions.

Sara Lee Corp. v. Kraft Foods Inc., 273 F.R.D. 416, 419-20 (N.D. Ill. 2011). “Occasionally, courts must determine which standard applies to an expert who wears ‘two hats’ by serving as both a non-testifying consultant and a testifying expert. Most courts have held that a single expert may serve in both roles but that the broader discovery for testifying experts applies to everything except ‘materials generated or considered uniquely in the expert’s role as consultant.’ . . . ‘[A]ny ambiguity as to the role played by the expert when reviewing or generating documents should be resolved in favor of the party seeking discovery.’” In this case, the communications that plaintiff requested were subject to the protections for non-testifying consultants because “[n]one of the communications contain[ed] facts, data, or assumptions that [the expert] could have considered in assembling his expert report.”


Davita Healthcare Partners, Inc. v. United States, 128 Fed. Cl. 584, 590-91 (Fed. Cl. 2016). Preliminary work papers, scripts, spreadsheets, graphs, and presentations provided to counsel by expert were protected work product under Rule 26(b)(4)(B)-(C).

The amended Rule does not directly address disclosure of pre-existing work product to an expert, as opposed to attorney-expert communications. Where counsel provides pre-existing ordinary work product to a testifying expert, that is, work product that does not reveal mental opinions, impressions or legal theories, the Rule may require disclosure of the work product to the extent that it reflects “facts or data” considered by the expert. See Deal v. Louisiana ex rel. Dep’t of Justice, Civil Action No. 11-743-JJB-RLB, 2013 WL 454772, at *5-6, n.8 (M.D. La. Aug. 28, 2013) (plaintiff was required under Rule 26(a)(2)(B) to produce complete unredacted tax returns provided to expert where expert testified that he “relied upon” the tax returns and documents did not contain theories or mental impressions of counsel); Fialkowski v. Perry, Civil Action No. 11-5139, 2012 WL 2527020, at *4-5 (E.D. Pa. June 29, 2012) (2010 amendments do not change the rule of waiver where an expert reviews a pre-existing privileged document that contains factual information; court held that work product protection was waived over a 39-page document prepared by plaintiff where counsel provided the document to an expert, who considered it in forming his opinions and where the document did not reflect the mental opinions or impressions of counsel). This is consistent with the
advisory committee notes (i.e., that “facts or data” be interpreted “broadly to require disclosure of any material considered by the expert, from whatever source, that contains factual ingredients”), so long as theories and mental impressions of counsel are excluded from discovery.

Discovery of facts known or opinions held by non-testifying experts, however, is generally discoverable only upon a showing of “exceptional circumstances.” Fed. R. Civ. P. 26(b)(4)(D). See, e.g., In re Cendant Corp. Sec. Litig., 343 F.3d 658, 664-65 (3d Cir. 2003) (citing Borgosian in holding that work product shown to non-testifying expert is not discoverable absent showing of extraordinary circumstances); Szulik v. State Street Bank & Trust Co., No. 12-10018-NMG, 2014 WL 3942934, at *2 (D. Mass. Aug. 11, 2014) (holding that party could not subpoena a non-testifying expert who had been retained to provide professional consulting services and assistance in litigation for documents it had obtained from third-parties); Genesco, Inc. v. Visa U.S.A., Inc., No. 3:13-0202, 2014 WL 935329, at *25 (M.D. Tenn. Mar. 10, 2014) (discovery of plaintiff’s non-testifying consultant’s report was governed by Fed. R. Civ. P. 26(b)(4)(D), which requires a showing of exceptional circumstances, which defendant had failed to meet).

F. EXCEPTIONS TO WORK PRODUCT PROTECTION

1. The Crime-Fraud Exception

a. Ordinary Work Product

Like the attorney-client privilege, the work product doctrine does not protect materials that were made when a client has consulted a lawyer for the purpose of furthering an illegal or fraudulent act. In re Antitrust Grand Jury, 805 F.2d 155, 162 (6th Cir. 1986); In re Grand Jury Subpoenas Duces Tecum, 773 F.2d 204, 206 (8th Cir. 1985); United States v. Bell, 217 F.R.D. 335, 344 (M.D. Pa. 2003) (“The work-product doctrine does not shield from discovery work-product created in furtherance of a crime or fraud.”). In most respects, the work-product crime-fraud exception operates the same as the exception applied for the attorney-client privilege. (For a more detailed discussion, see The Crime-Fraud Exception, § I.I.1, above.)

See:

In re Grand Jury Proceedings, G.S., F.S., 609 F.3d 909, 912-13 (8th Cir. 2010). Work product protection does not apply to documents used to perpetuate a crime or fraud unless the attorney “was unaware of his client's wrongful activities.”

In re Green Grand Jury Proceedings, 492 F.3d 976 (8th Cir. 2007). Ordinary work product not protected under crime-fraud exception even though attorney was innocent of any wrongdoing.

In re Grand Jury Proceedings, 102 F.3d 748, 752 (4th Cir. 1996). Crime-fraud exception applies to vitiate work product privilege.

In re Grand Jury Proceedings, 867 F.2d 539 (9th Cir. 1989). Court applied the crime-fraud exception to ordinary work product.

In re Grand Jury Subpoena Duces Tecum, 731 F.2d 1032, 1038 (2d Cir. 1984). Advice sought to further a crime or fraudulent scheme renders any work product unprotected.
In re Int'l Sys. & Controls Corp. Sec. Litig., 693 F.2d 1235 (5th Cir. 1982). Crime-fraud exception applies to work product.


In re Doe, 662 F.2d 1073, 1078 (4th Cir. 1981). Attorney cannot invoke work product immunity to cover his own crime or fraud.

In re Special Sept. 1978 Grand Jury (II), 640 F.2d 49, 63 (7th Cir. 1980). Upon a prima facie showing of fraud, neither client nor attorney may assert work product protection for ordinary work product. A guilty client cannot assert the work product protection of her innocent attorney.

Peerless Indus., Inc. v. Crimson AV LLC, No. 11 C 1768, 2013 WL 6050006, at *3-7 (N.D. Ill. Nov. 14, 2013). Defendant took steps to deceive the plaintiff and the court regarding its use, storage, and/or disposal of a chemical, had used its attorneys to do so, and had committed fraud on the court. Documents related to this fraud were discoverable, and the trial court was not clearly erroneous in declining to undertake an in camera review of the memorandum at issue.

Tindall v. H & S Homes, LLC, 757 F. Supp. 2d 1339, 1352 (M.D. Ga. 2011) (“To warrant an in camera review, the party opposing the privilege must only make a preliminary showing ... [which] must be more than a mere allegation of fraud”).


Nesse v. Pittman, 202 F.R.D. 344, 352 (D.D.C. 2001). Finding that, although the crime-fraud exception may vitiate the work product privilege, the exception was inapplicable here, where privileged materials post-dated alleged crime and were not part of any “cover-up.”

The crime-fraud exception waives protection for materials concerning ongoing or continuing crimes or frauds. See RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 93 (2000). However, the exception does not encompass communications concerning crimes or frauds that occurred in the past. See United States v. Zolin, 491 U.S. 554, 562-63 (1989); Nesse v. Pittman, 202 F.R.D. 344, 352 (D.D.C. 2001) (finding crime-fraud exception inapplicable where documents post-dated alleged crime, were not part of cover-up, and, thus, were not in furtherance of a future ongoing crime); RESTATEMENT (THIRD) OF THE LAW GOVERNING LAWYERS § 93 cmt. b (2000). In addition, the exception can only be invoked for materials created in furtherance of the crime or fraud.
See:

_In re Antitrust Grand Jury_, 805 F.2d 155, 162-64 (6th Cir. 1986). When the ongoing crime or fraud involves opinion work product, there must be a showing that the otherwise protected materials were made in furtherance of the crime or fraud to remove work product protection.


A party seeking the production of work product documents based upon the crime-fraud exception has the burden to make out a _prima facie_ case:

1. The party must show by independent evidence that there is a reasonable basis for a good faith belief that the material involves obtaining assistance with a crime or fraud. Evidence gained from _in camera_ inspection is not taken into account.

2. If the first showing is made, it is within the trial judge’s discretion to conduct an _in camera_ examination of the entire communication. The judge is never required to conduct an _in camera_ inspection.

See _Zolin_, 491 U.S. at 572; see also _Restatement (Third) of the Law Governing Lawyers_ § 93 cmt. d (2000).

In addition, the person seeking to establish the crime-fraud exception must show that a reasonable relationship exists between the material sought and the crime or fraud. See _Triple Five, Inc. v. Simon_, 213 F.R.D. 324, 326 (D. Minn. 2002) (“[T]he exception applies only when the court determines that the client communication or attorney work product in question was _itself_ in furtherance of the crime or fraud.”) (quoting _In re Richard Roe, Inc._, 68 F.3d 38, 40 (2d Cir. 1995)) (emphasis in original); _Hercules, Inc. v. Exxon Corp._, 434 F. Supp. 136, 155 (D. Del. 1977) (even assuming a _prima facie_ case, if there is no connection between the documents and the fraud, then the documents remain protected work product); _Restatement (Third) of the Law Governing Lawyers_ § 93 cmt. d (2000). Courts differ on the degree to which the work product must be related to the crime or fraud.

See:

_In re Grand Jury Matter #3_, 847 F.3d 157, 166 (3d Cir. 2017). Crime-fraud exception to the attorney work-product doctrine requires not only the contemplation or intention of committing a crime or fraud, but evidence that the attorney work product was used in furtherance of that alleged crime or fraud. The court explained, “the second requirement—use in furtherance—exists for the same reason that certain conspiracy statutes require proof that a defendant engaged in an overt act to further the crime. In both settings we want to make sure that we are not punishing someone for merely thinking about committing a bad act.”

_Mattenson v. Baxter Healthcare Corp._, 438 F.3d 763, 769 (7th Cir. 2006). Citing _In re Richard Roe_, 68 F.3d 38, 40 (2d Cir. 1995), for the proposition that “a party seeking to invoke the crime-fraud exception must at least demonstrate that there is probable cause to believe that a crime or fraud has been attempted or committed and that the communications were in furtherance thereof.”
In re John Doe Corp., 675 F.2d 482, 492 (2d Cir. 1982). Materials must be related to the crime or fraud.

In re Grand Jury Proceedings, 604 F.2d 798, 803 n.6 (3d Cir. 1979). Materials must have some relationship to the crime or fraud.

In re Sept. 1975 Grand Jury Term, 532 F.2d 734, 738 (10th Cir. 1976). Materials must have a potential relationship to the crime or fraud.

Catton v. Def. Tech. Sys., Inc., No. 05 Civ. 6954(SAS), 2007 WL 3406928, at *2 (S.D.N.Y. Nov. 15, 2007). The privilege does not apply when there is probable cause to believe that the work product was intended in some way to facilitate or conceal the criminal activity.

Cendant Corp. v. Shelton, 246 F.R.D. 401, 406-07 (D. Conn. 2007). The privilege will not be invaded unless there is a “purposeful nexus” between the privileged material and the alleged fraud.

United States v. Windsor Capital Corp., 524 F. Supp. 2d 74, 76 (D. Mass. 2007) (quoting In re Grand Jury Proceedings, 417 F.3d 18, 23 (1st Cir.2005)). In order to pierce the work product doctrine in the First Circuit, the government must demonstrate that “there is ‘a reasonable basis to believe that the lawyer’s services were used by the client to foster a crime or fraud.’”

In re Grand Jury (OO-2H), 211 F. Supp. 2d 564, 566 (M.D. Pa. 2002). “A party seeking to compel production under the crime-fraud exception bears the burden of proving a prima facie case of a crime or fraud.”

b. Opinion Work Product

In general, the crime-fraud exception also applies to opinion work product in the same manner as ordinary work product. However, there are two major differences with respect to the prima facie showing and the attorney’s relevant knowledge.

**Prima Facie Showing:** First, some courts have imposed a higher burden with respect to the prima facie showing when the material involves opinion work product. The courts require more than a reasonable basis for a good-faith belief that the material was involved with a crime or fraud.

See:

In re Grand Jury Proceedings, 609 F.3d 909, 915 (8th Cir. 2010). The crime-fraud exception allowed the government to discover an attorney’s opinion work product where it demonstrated substantial need for the information and probable cause that the attorney was complicit in his clients’ unlawful conduct.

In re John Doe Corp., 675 F.2d 482, 492 (2d Cir. 1982). Use of work product in aid of criminal scheme may be a “rare occasion” in which opinion work product is not immune.

**Attorney’s Knowledge Relevant:** Second, unlike the attorney-client privilege, the attorney’s knowledge of the crime or fraud can be relevant in determining the scope of the work product protection. Some courts have held that if the attorney is ignorant of the crime or fraud, then work product protection is waived only with respect to ordinary information furnished to the attorney and not to opinion work product. E.g., In re Grand Jury Subpoenas, 561 F.3d 408, 411 (5th Cir. 2009) (holding that, where the crime-fraud exception applies, only an innocent attorney, and not his client, may assert work product protection); In re Green Grand
Jury Proceedings, 492 F.3d 976 (8th Cir. 2007) (finding that opinion work product of attorney was not subject to disclosure where the attorney was not complicit in the client’s fraud); In re Grand Jury Proceedings, 401 F.3d 247, 256 (4th Cir. 2005); In re Antitrust Grand Jury, 805 F.2d 155, 164 (6th Cir. 1986); In re Special Sept. 1978 Grand Jury (II), 640 F.2d 49, 63 (7th Cir. 1980) (client lost work product protection but attorney’s impressions should remain protected since the lawyer’s privacy is not justifiably invaded simply because she represented a fraudulent client); In re Grand Jury Subpoena, 220 F.R.D. 130, 151-52 (D. Mass. 2004) (noting the near-universal agreement that attorney’s knowledge of a crime is necessary to invoke the crime-fraud exception for opinion work product); In re Nat’l Mortg. Equity Corp. Mortg. Pool Certificates Litig., 116 F.R.D. 297 (C.D. Cal. 1987) (if attorney is unaware of crime or fraud then fact work product is not protected but opinion work product remains protected); In re Int’l Sys. & Controls Corp. Sec. Litig., 91 F.R.D. 552, 559-60 (S.D. Tex. 1981) (where there is no allegation of attorney fraud, no intrusion will be allowed upon opinion work product), vacated on other grounds, 693 F.2d 1235, 1242 (5th Cir. 1982). However, other courts and the Restatement have taken a different approach, under which opinion work product is discoverable even if the attorney did not know of the fraud. E.g., In re Grand Jury Proceedings, 102 F.3d 748, 751 (4th Cir. 1996); In re Sealed Case, 676 F.2d 793, 812 n.75 (D.C. Cir. 1982) (a guilty client would not have standing to assert the work product claim of his innocent attorney); In re John Doe Corp., 675 F.2d 482, 491-92 (2d Cir. 1982); In re Doe, 662 F.2d 1073, 1079 (4th Cir. 1981); Restatement (Third) of the Law Governing Lawyers § 93 cmt. c (2000).

c. Cases Where Lawyer Is Involved With Fraud But Client Is Ignorant

In cases where it is the attorney who is involved with the crime or fraud and the client is innocent, then the client can assert work product protection for the materials despite the lawyer’s complicity. See Moody v. IRS, 654 F.2d 795, 801 (D.C. Cir. 1981); In re Grand Jury Proceedings, 604 F.2d 798, 801-02 (3d Cir. 1979). But see In re Impounded Case (Law Firm), 879 F.2d 1211, 1214 (3d Cir. 1989) (crime-fraud exception applies in case where the lawyer, rather than client, is the object of criminal investigation, but this exception is limited to materials pertinent to the charge against the lawyer); Anderson v. Hale, 202 F.R.D. 548, 558 (N.D. Ill. 2001) (holding that attorney’s unethical, surreptitious taping of a witness interview vitiated work product privilege).

2. Exception For Attorney Misconduct

Several commentators have proposed an exception to the work product doctrine for materials created through attorney misconduct. See, e.g., G. Michael Halfenger, Comment, The Attorney Misconduct Exception to the Work Product Doctrine, 58 U. Chi. L. Rev. 1079 (1991). This exception would remove protection when:

1) an attorney violates the law or an accepted norm of professional conduct and the resulting materials are tainted with information gathered through this misconduct; or

2) an attorney violates the law or an accepted norm of professional conduct and
revelation of the resulting materials would correct the asymmetry caused by misconduct,
no other action would be an effective remedy, and
disclosure will not adversely affect other parties.

Id. at 1091. Such an exception would extend the crime-fraud exception to include ethics violations in addition to crimes. Several courts have recognized this extension of the crime-fraud exception.

See:

Drummond Co. v. Conrad & Scherer, LLP, 885 F.3d 1324, 1337 (11th Cir. 2018). The crime-fraud exception to the work product protection may apply where counsel was engaged in a crime or fraud, but the client was not. An attorney “may not exploit work product protection when she engages in illegal activity or fraud upon the court.”

Parrott v. Wilson, 707 F.2d 1262 (11th Cir. 1983). Attorney secretly tape recorded meeting between plaintiff’s attorney and defense witness. Court concluded that this recording was work product but found that a clandestine recording constitutes an ethical violation and such a violation abrogates the protection of the work product doctrine.


Haigh v. Matsushita Elec. Corp. of Am., 676 F. Supp. 1332, 1358-59 (E.D. Va. 1987). Client clandestinely recorded witnesses’ conversation without his consent. While the attorneys did not instruct client to initiate or continue recording the conversations, they accepted the tapes from client and used them. Court found that counsel’s acquiescence in the recording amounted to active participation and was therefore an ethical violation. As a result, the work product doctrine was vitiating for the recordings.

See also:

Halley v. Oklahoma ex rel. Okla Dep’t of Human Servs., No. 14-CV-562-JHP, 2016 WL 3197556, at *2 (E.D. Okla. June 8, 2016). Party ordered to produce private investigator’s report otherwise qualifying as work product because private investigator was licensed in Texas but had conducted interviews in Oklahoma, where he was not licensed, and represented to third parties that he had plaintiff’s “power of attorney.”


But see:

Bahrami v. Price Chevrolet-Oldsmobile, Inc., Civil Action No. 1:11-CV-4483-SCJ-AJB, 2013 WL 3800093, at *6-7, *9 (N.D. Ga. July 19, 2013). Secret recordings were protected work product, but the court allowed discovery of recordings, including recordings of defendants’ previous statements (but only after defendants’ depositions) and recordings for which defendant demonstrated substantial need and undue hardship.
Moody v. IRS, 654 F.2d 795, 801 (D.C. Cir. 1981). In broad dicta, court stated that attorney misconduct does not necessarily implicate the crime-fraud exception to breach work product protection.

Many of the cases in which courts have recognized this exception involved clandestine recordings made in violation of ABA Committee on Ethics and Professional Responsibility Formal Opinion 337 (1974) or related state bar association ethics opinions. In June 2001, the ABA Committee on Ethics and Professional Responsibility withdrew Formal Opinion 337, stating that a lawyer who electronically records a conversation without the knowledge of the other party or parties to the conversation does not necessarily violate the Model Rules of Professional Conduct. ABA Committee on Ethics & Prof'l Responsibility Formal Op. 422 (2001). See also Bahrami, 2013 WL 3800093, at *6-7, *9 (noting withdrawal of ABA Formal Opinion 337 by Formal Opinion 422 and finding secret recordings were protected work product).

3. Fiduciary Exception: The Garner Doctrine

As noted in Fiduciary Exception, § I.I.3, above, an exception to the attorney-client privilege has developed for actions involving an organization and the parties to whom it owes fiduciary duties. This exception has its roots in Garner v. Wolfinbarger, 430 F.2d 1093, 1102-03 (5th Cir. 1970). Garner was based on the rationale that a fiduciary relationship between the corporation and its shareholders creates a commonality of interest that precludes the corporation from asserting the attorney-client privilege against its shareholders. Courts have recognized that the policy rationale underlying the Garner exception does not readily mesh with the work product goal of protecting the adversary system. In In re International Systems & Controls Corp. Securities Litigation, 693 F.2d 1235 (5th Cir. 1982), the Fifth Circuit held that the Garner principle does not apply to the work product doctrine and refused to order the production of several binders of work product. In so holding, the court stated that Garner’s mutuality of interest rationale does not apply once there is sufficient anticipation of litigation to bring the documents within the work product doctrine.

Most courts are in accord with this reasoning and have not applied the Garner exception to work product. See, e.g., Herman v. Rain Link, Inc., No. 11-1123-RDR, 2012 WL 1207232, at *9 (D. Kan. 2012) (Garner doctrine does not extend to work product); Sigma Delta, L.L.C. v. George, No. 07-5427, 2007 WL 4590097, at *2-3 (E.D. La. Dec. 20, 2007) (“once there is sufficient anticipation of litigation so as to trigger work product immunity the ‘mutuality’ upon which Garner was premised is destroyed”); Cobell v. Norton, 213 F.R.D. 1, 12 n.5 (D.D.C. 2003) (noting cases declining to extend Garner doctrine to work product); Strougo v. BEA Assocs., 199 F.R.D. 515, 524 (S.D.N.Y. 2001) (“[T]he logic of Garner does not require the disclosure of material that is protected under the work product doctrine.”); Nellis v. Air Line Pilots Ass’n, 144 F.R.D. 127 (E.D. Va. 1992) (in dictum); Jicarilla Apache Nation v. United States, 88 Fed. Cl. 1, 12-13 (Fed. Cl. 2009) (holding that the fiduciary exception does not apply to work product, which belongs to the litigator, not the litigant fiduciary). However, at least one court has applied Garner to the work product doctrine. See Donovan v. Fitzsimmons, 90 F.R.D. 583, 588 (N.D. Ill. 1981) (Garner rationale must be addressed in the work product context “lest the work-product immunity swallow up the Garner exception in its entirety”). See also Solis v. Food Emp’rs Labor Relations Ass’n, 644 F.3d 221, 232-33 (4th Cir. 2011) (in dicta, finding no basis to distinguish between the attorney-client privilege and work product
In practice, the fact that many courts do not recognize a Garner exception to the work product doctrine may make little difference because it would be easier to show hardship or burden under Federal Rule of Civil Procedure 26(b)(3). The Garner court identified a series of factors to show “good cause” to invoke the Garner exception. These included the “necessity of the shareholders” and the “availability from other sources.” Garner, 430 F.2d at 1104. It can be argued that these criteria of necessity and availability are the same as the “substantial need” and “undue hardship” requirements of Rule 26(b)(3). Under this reasoning, the Garner standard imposes a higher burden since it subsumes the two Rule 26(b)(3) criteria and requires other criteria in addition. As a result, for ordinary work product, the fact that the Garner exception does not apply will have little practical effect. However, in the case of opinion work product, the lack of a fiduciary exception will have the effect of protecting the mental impressions of corporate counsel from later discovery.

G. COMMON INTEREST EXTENSIONS OF WORK PRODUCT PROTECTION

As noted in Selective Disclosure To Third Parties And Adversaries, § III.E.2, above, the rationale of the work product doctrine is not necessarily compromised by the sharing of protected communications. In re Sealed Case, 676 F.2d 793, 818 (D.C. Cir. 1982). Under the work product doctrine, the concern is to protect trial preparation from adversaries, not from those with similar interests. Thus, courts have recognized a broad common interest extension for work product immunity that allows attorneys to pool work product with clients and other lawyers with the same interest in a matter. See Haines v. Liggett Grp., Inc., 975 F.2d 81, 90 (3d Cir. 1992) (common interest allows clients facing a common litigation opponent to exchange privileged communications and work product without waiving protection in order to prepare a common defense); In re Doe, 662 F.2d 1073 (4th Cir. 1981); Constar Int’l, Inc. v. Cont’l Pet Tech., Inc., No. Civ. A. 99-234-JJF, 2003 WL 22769044, at *1 (D. Del. Nov. 19, 2003); Gottlieb v. Wiles, 143 F.R.D. 241 (D. Colo. 1992); Weil Ceramics & Glass, Inc. v. Work, 110 F.R.D. 500, 502 (E.D.N.Y. 1986); see also Restatement (Third) of the Law Governing Lawyers § 91 cmt. b (2000). Upon disclosure, a court will examine whether the originator and recipient of the protected information have common interests against a common adversary which would make disclosure to adversaries unlikely. The existence of a potential common interest, for example as between co-defendants in a criminal proceeding, does not compel the disclosure of privileged work product. See United States v. Jacques Dessange, Inc., No. S2 99 CR 1182, 2000 WL 310345 (S.D.N.Y. Mar. 27, 2000) (co-defendant’s desire to review all possible material of use to his defense did not justify compelled disclosure of defendant’s attorney’s notes). See Appendix A for a sample joint/common defense agreement.

Compare:

In re Grand Jury Subpoenas 89-3 & 89-4, 902 F.2d 244 (4th Cir. 1990). Parties with a common-defense or strategy may share work product materials prepared in the course of an ongoing common enterprise and intended to further the enterprise.
United States v. AT&T, 642 F.2d 1285 (D.C. Cir. 1980). The government sued AT&T for antitrust violations. MCI had turned documents over to the government under a stipulation that they be used only in the litigation against AT&T. MCI then filed its own antitrust action against AT&T and sought to assert work product protection (as a non-party) in the government’s case to prevent AT&T from obtaining the materials that MCI had previously disclosed to the government. The D.C. Circuit held that MCI had not waived the protection by disclosing the materials to the government. The court recognized the government and MCI had a common interest against a common adversary and, therefore, no waiver had occurred from the sharing.


Mainstreet Collection, Inc. v. Kirkland’s, Inc., 270 F.R.D. 238 (E.D.N.C. 2010). The common interest doctrine applies not only to the attorney-client privilege, but also to work product protection.

United States v. Duke Energy Corp., 214 F.R.D. 383, 387 (M.D.N.C. 2003). “Whether an action is ongoing or contemplated, whether the jointly interested persons are defendants or plaintiffs, and whether the litigation or potential litigation is civil or criminal, the rationale for the joint defense rule remains unchanged: persons who share a common interest in litigation should be able to communicate with their respective attorneys and with each other to more effectively prosecute or defend their claims.”

Medinol, Ltd. v. Bos. Scientific Corp., 214 F.R.D. 113, 115 (S.D.N.Y. 2002). “[I]t is clear that disclosure of work-product to a party sharing common litigation interests is not inconsistent with the policies of encouraging zealous advocacy and protecting privacy that underlie the work-product doctrine.”


McNally Tunneling Corp. v. City of Evanston, Ill., No. 00 C 6979, 2001 WL 1246630, at *2 (N.D. Ill. Oct. 18, 2001). Noting that the “common interest” doctrine is not an independent source of confidentiality, “[r]ather, it simply extends the protection afforded by other doctrines, such as the attorney/client privilege and the work-product rule.”


Disclosure of work product to former employee waived the joint defense protection because relevant parties lacked identical legal interests and were not engaged in joint legal strategy.

S.E.C. v. Gupta, 281 F.R.D. 169, 171-72 (S.D.N.Y. 2012). Work product protection was waived over documents reviewed during deposition preparation of company’s CEO, who served as a third-party witness, where there was a lack of common interest.


Samad Bros., Inc. v. Bokara Rug Co., Inc., No. 09 Civ. 5843(JFK), 2010 WL 5095356 (S.D.N.Y. Dec. 13, 2010). Sharing emails with an independent third party witness waived work product protection because the third party did not share a common interest with the defendant such that they could reasonably expect that information revealed to the third party would not be disclosed to the adversary.

In re Aftermarket Filters Antitrust Litig., No. 08 C 4883, 2010 WL 4622527 (N.D. Ill. Nov. 4, 2010). Work product protection was waived as to documents disclosed by a qui tam relator to the Department of Justice and which were later provided by the relator to plaintiffs. There was no common interest between the relator, the DOJ, and the plaintiffs.

Schanfield v. Sojitz Corp. of Am., 258 F.R.D. 211, 216 (S.D.N.Y. 2009). Plaintiff could not establish that the common interest exception should apply; although he may have speculated that his former colleagues shared his interests in bringing suit against their employer, his emails with them did not provide facial support for that assumption, and there was no indication of “demonstrated cooperation in formulating a common legal strategy” between plaintiff and his colleagues.


Saito v. McKesson HBOC, Inc., No. Civ.A. 18553, 2002 WL 31657622, at *4-5 (Del. Ch. Nov. 13, 2002). For the purposes of work product privilege waiver, a common interest does not exist between the SEC and the target of an SEC investigation despite the similar goal of the SEC and the company to seek out and rectify wrongdoing within the company.

The broader common interest analysis applicable to work product may protect documents disclosed to government entities even where the attorney-client privilege may not. See In re Steinhardt Partners, 9 F.3d 230, 236 (2d Cir. 1993). In declining to adopt a per se rule of waiver for documents disclosed to government entities, courts in the Second Circuit have reasoned that the existence of a common interest between government agencies and investigated companies might provide one rationale for finding waiver of work product did not apply. Id. (suggesting non-waiver agreements might act to protect documents from discovery); see also In re Cardinal Health, Inc. Sec. Litig., No. C2 04 575 755 ALM, 2007 WL 495150 (S.D.N.Y. Jan 26, 2007) (disclosure to DOJ of audit committee-ordered internal investigation by outside counsel did not waive work product protection because government and corporation shared a common interest in ensuring company accounting practices were clean, even absent waiver agreement). The Steinhardt court did not squarely address the issue of attorney-client privilege of the shared information, but noted in dicta that the attorney-client privilege would
likely be waived by such a disclosure to the government. In re Steinhardt, 9 F.3d at 235. Where, as in the Second Circuit, a doctrine of selective waiver is not recognized, corporations may increasingly seek to rely on work product protection under a common interest theory.

H. COMMON INTEREST EXTENSION OF WORK PRODUCT PROTECTION TO LITIGATION FUNDING

Courts have generally been consistent in finding that litigation funding agreements are protected opinion work product because information concerning the theories, mental impressions, and strategies of the case were likely shared to secure the funding. See Doe v. Soc’y of Missionaries of Sacred Heart, No. 11–cv–02518, 2014 WL 1715376, at *3 (N.D. Ill. May 1, 2014) (ruling that litigation financing materials were protected as opinion work product because they contained information pertaining to the strength of plaintiff’s claims, the existence and merits of defendant’s defenses, and other observations and impressions concerning the litigation); Carlyle Inv. Mgmt. LLC v. Moonmouth Co. S.A., C.A. No. 7841-VCP, 2015 WL 778846, at *9-10 (Del. Ch. Feb. 24, 2015) (explaining that the terms of the final agreement between a claim holder and a litigation funder could reflect an analysis of the merits of the case and concluding that opinion work product protection was warranted).

That such documents likely involve a business purpose (i.e., entering into a business contract for funding) as well as a legal purpose has not deterred courts from finding work product protection, given that the documents meet the doctrine’s requirement of having been prepared in anticipation of litigation. See Lambeth Magnetic Structures, LLC v. Seagate Tech. (US) Holdings, Inc., Nos. 16-538, 16-541, 2018 WL 466045, at *5-6 (W.D. Pa. Jan. 18, 2018) (denying motion to compel communications with potential litigation funders because they were made for the purpose of preparing for litigation); Odyssey Wireless, Inc. v. Samsung Elecs. Co., Ltd, No. 3:15-cv-01738-H (RBB), 2016 WL 7665898, at *5 (S.D. Cal. Sept. 20, 2016) (finding that litigation funding documents were protected by the work product doctrine, because “[a]lthough litigation had not yet commenced, the documents were created because litigation was expected.”); United States v. Homeward Residential, Inc., No. 4:12-CV-461, 2016 WL 1031154, at *6 (E.D. Tex. Mar. 15, 2016) (on defendants’ motion to compel, finding that litigation funding information was protected work product because it was used to possibly aid in future or ongoing litigation); United States ex rel. Fisher v. Ocwen Loan Servicing, LLC, No. 4:12-CV-543, 2016 WL 1031157, at *6 (E.D. Tex. Mar. 15, 2016) (same); Miller UK Ltd. v. Caterpillar, Inc., 17 F. Supp. 3d 711, 735 (N.D. Ill. 2014) (holding that any documents prepared to aid in case that included counsel’s mental impressions and theory of case did not lose their work product protection because they may have also been prepared to help obtain financing); Mondis Tech., Ltd v. LG Elecs., Inc., Nos. 2:07–CV–565–TJW–CE, 2:08–CV–478–TJW, 2011 WL 1714304, at *3 (E.D. Tex. May 4, 2011) (holding that documents created for potential investors were protected by the work product doctrine because they were prepared with the intention of aiding future litigation); In re Int’l Oil Trading Co., LLC, 548 B.R. 825, 836-37 (Bankr. S.D. Fla. 2016) (holding that primary purpose of communications concerning party’s efforts to seek funding from third-party litigation funder was pursuit of legal services and therefore was protected under work product doctrine); Carlyle Inv. Mgmt. LLC, C.A. No. 7841-VCP, 2015 WL 778846, at *9 (Del. Ch. Feb. 24, 2015) (despite the overlap between business and litigation purpose in the context of third-party funding documents, work product protection is appropriate because such documents are litigation documents involving lawyers’
mental impressions, theories, and strategies of the case). But see Acceleration Bay LLC v. Activision Blizzard, Inc., Nos. 16-453-RGA, 16-454-RGA, 16-455-RGA, 2018 WL 798731, at *3 (D. Del. Feb. 9, 2018) (holding that documents prepared with primary purpose of obtaining loan, as opposed to aiding in possible litigation, were not work product and did not warrant common interest privilege because plaintiff and funder did not possess identical legal interests).

Moreover, given that work product protection is only waived by disclosure to a third party when that disclosure “substantially increases the opportunities for potential adversaries to obtain the information,” courts have held that work product protection is not waived when litigation funding documents are shared with third party funders because there is an expectation of confidentiality between the parties. See Selective Disclosure To Third Parties And Adversaries, § III.E.2, supra; Ocwen Loan Servicing, LLC, 2016 WL 1031157, at *6 (holding that documents remained protected under the work product doctrine although disclosed to third-party litigation funders because they have an inherent interest in maintaining the confidentiality of potential clients’ information); Morley v. Square, Inc., No. 4:10cv2243 SNLJ, 2015 WL 7273318, at *2 (E.D. Mo. Nov. 18, 2015) (finding that plaintiffs had an expectation of confidentiality with third-party investors when it shared documents related to litigation funding and therefore did not waive work production protection).

A non-disclosure or confidentiality agreement between parties and third-party litigation funders regarding documents shared, though not necessarily required, is a strong factor against waiver. See Odyssey Wireless, Inc, 2016 WL 7665898, at *6 (finding no waiver of work product protection because disclosure to third party funders was pursuant to confidentiality agreements and an expectation of confidentiality); Ocwen Loan Servicing, LLC, 2016 WL 1031157, at *6 (holding that work product protection was not waived because no documents were shared with actual or potential litigation funders before an agreement regarding nondisclosure was made); Morley, 2015 WL 7273318, at *2 (finding no waiver of work product protection when plaintiffs shared litigation funding documents with third parties because oral or written confidentiality statements created a reasonable expectation of confidentiality); Doe, 2014 WL 1715376, at *4 (holding that work product protection was not waived, and recognizing the significance of litigation financing companies entering into written nondisclosure agreements); Miller UK Ltd., 17 F. Supp. 3d at 736-38 (finding that oral confidentiality and written agreement with prospective funders demonstrated precautions taken to avoid risk of disclosure to adversarial party); Mondis Tech., Ltd, 2011 WL 1714304, at *3 (“[A]lthough these documents [litigation funding] were disclosed to third parties, the disclosures do not create a waiver because they were disclosed subject to [nondisclosure] agreements and thus did not substantially increase the likelihood that an adversary would come into possession of the materials.”).

For a discussion of the application of the attorney-client privilege to litigation funding documents, see Extensions Of The Attorney-Client Privilege Based On Common Interest: Common Interest Doctrine And Litigation Funding, § II.C, supra.
IV. RECOMMENDATIONS FOR PRESERVING THE CONFIDENTIALITY OF WORK PRODUCT

Some precautions for maximizing the protection afforded by the work product doctrine appear below.

A. LEGAL COMMUNICATIONS

Segregate work product materials and maintain their confidentiality. Disclosure of protected documents may result in waiver.

B. WITNESS STATEMENTS

Counsel should conduct all interviews. Counsel’s interview notes or interview memoranda should state that the documents contain counsel’s “impressions and conclusions” concerning the interview. Do not include lengthy verbatim entries.

Do not use work product materials to refresh the recollection of a witness.

C. LEGAL INVESTIGATIONS

Stress that any legal investigation is being conducted in anticipation of litigation. If in-house counsel will conduct the legal investigation, she should receive a specific directive from the board of directors indicating that the investigation has been undertaken in anticipation of litigation. If outside counsel will conduct the investigation, the company should send a retention letter reciting these matters.

V. SELF-CRITICAL ANALYSIS PRIVILEGE

Corporations and businesses often conduct internal investigations for a variety of different reasons, and the results of these investigations can be damaging, inculpatory or embarrassing. Investigating parties have therefore attempted to shield these reports from discovery by outside parties and civil litigants. See Note, The Privilege of Self-Critical Analysis, 96 HARV. L. REV. 1083, 1086 (1983); see also Note, Self-Evaluative Privilege and Corporate Compliance Audits, 68 S. CAL. L. REV. 621 (1995). The attorney-client privilege and work product doctrine, discussed throughout this outline, afford the broadest protections. In order to provide additional protection, some courts have also recognized a specific limited privilege to protect institutional self-analysis from outside discovery. This privilege, usually referred to as the “self-critical analysis” privilege but sometimes called the “self-investigative” or “self-evaluative” privilege, was first recognized by the federal courts in the context of medical peer reviews in 1970. See Bredice v. Doctors Hosp., Inc., 50 F.R.D. 249 (D.D.C. 1970). Broad application of the privilege was called into question in University of Pennsylvania v. EEOC, 493 U.S. 182 (1990). In that case, without specifically addressing the self-critical analysis privilege, but admonishing against the application of broad new privileges, the United States Supreme Court held that a university’s internal peer review materials relating to tenure decisions were not privileged. However, the federal courts subsequently have gone on to discuss the privilege and, in rare cases, to apply it. Over the years, the federal courts, principally district courts, have created a confusing body of case law.
relating to the privilege. The privilege is defined differently depending on the jurisdiction, and some jurisdictions have cases with conflicting outcomes that are barely reconcilable.

At its most general, the purpose of the self-critical analysis privilege is to encourage organizations to conduct self-critical reviews regarding matters of importance to the public without being chilled by the possibility that the self-criticism will be discovered and used against the organization in some later proceeding. Recognizing that the privilege could create an enormous exception to the general rules of discovery, the courts have severely restricted the privilege.

A common statement of the self-critical analysis privilege is that it applies when:

1. the information results from a critical self-analysis undertaken by the party seeking protection;
2. the public has a strong interest in preserving the free flow of information sought;
3. the information is of the type for which flow would be curtailed if discovery were allowed; and
4. the document was created with the expectation that it would be kept confidential and has remained so.


Characterizing it as “perhaps the most cogent statement of a possible test” emerging from a line of cases decided in the Southern District of New York, one court put forth the following test:

The party resisting discovery must make a detailed and convincing showing of the harm to be anticipated from the disclosure at issue in the particular case. . . . Where a party establishes that disclosure of requested information could cause injury to it or otherwise thwart desirable social policies, the discovering party will be required to demonstrate its need for the information, and the harm it would suffer from the denial of such information would outweigh the injury that disclosure would cause the other party or the interest cited by it.


Some have found that the self-critical analysis privilege is a qualified privilege that can be overcome upon a showing of need. See U.S. ex rel. Sanders v. Allison Engine Co., 196
F.R.D. 310, 315 (S.D. Ohio 2000) (self-critical analysis privilege is a qualified privilege and it can be overcome by showing extraordinary circumstances or special need); In re Air Crash Near Cali, Colom., 959 F. Supp. 1529, 1535-36 (S.D. Fla. 1997) (self-critical analysis privilege is qualified and may be overcome by a showing of substantial need).


Most courts have held that, where the privilege applies, only the subjective portions of self-critical reports are protected by the privilege; the underlying objective data is not protected. See, e.g., Berner v. Carnival Corp., No. 08-22569-CIV, 2009 WL 982621, at *1 (S.D. Fla. Apr. 10, 2009) (declining to adopt the privilege and noting that cases adopting the privilege limit it to subjective impressions and opinions); Gardner v. Johnson, No. 08 C 50006, 2008 WL 3823713, at *2 (N.D. Ill. Aug. 13, 2008) (requiring production of police investigation report but allowing department to redact any “subjective critique of the arresting officer’s conduct or police department policies”); Goh v. CRE Acquisition, Inc., No. 02 C 4838, 2004 WL 765238, at *1 (N.D. Ill. Apr. 6, 2004) (noting that, assuming it exists, the “privilege protects only subjective evaluations, not objective data”); Freiermuth v. PPG Indus., Inc., 218 F.R.D. 694, 698 (N.D. Ala. 2003) (the self-critical analysis privilege does not apply to documents which “merely provide facts, statistics, and rankings”); Clark v. Pa. Power & Light Co., Inc., No. 98-3017, 1999 WL 225888 (E.D. Pa. Apr. 14, 1999); Shipes v. BIC Corp., 154 F.R.D. 301, 308 (M.D. Ga. 1994); Culinary Foods, Inc. v. Raychem Corp., 151 F.R.D. 297, 304 (N.D. Ill. 1993) (observing that, when adopted, the self-investigative privilege protects only subjective, evaluative materials and not objective data or reports), order clarified, 153 F.R.D. 614 (N.D. Ill. 1993); John v. Trane Co., 831 F. Supp. 855 (S.D. Fla. 1993) (employer was required to produce affirmative action plan but self-evaluative privilege protected portions

Some courts have restricted the privilege to post-accident analyses and have held that the privilege is inapplicable to pre-accident internal safety analyses. See Dowling v. Am. Haw. Cruises, Inc., 971 F.2d 423, 427 (9th Cir. 1992) (refusing to apply the privilege to pre-accident safety reviews). But see Myers v. Uniroyal Chem. Co., Civ. A. No. 916716, 1992 WL 97822, at *4 (E.D. Pa. May 5, 1992) (self-critical analysis would not apply to post-accident investigation because manufacturer would have sufficient incentive to investigate to prevent future accidents even absent the privilege). Other courts have held that the privilege does not apply to government demands for documents. See, e.g., In re Kaiser Aluminum & Chem. Co., 214 F.3d 586, 593 (5th Cir. 2000) (privilege does not apply where a government agency seeks pre-accident documents).

A typical analysis under the four-pronged Dowling standard, above, turns on the third element and whether the information would be subject to a chilling effect. Courts often determine that the information in a report would continue to be collected even if discoverable because other incentives would be sufficient to overcome any chilling effect. In In re Salomon, Inc. Securities Litigation, Nos. 91 Civ. 5442 & 5471, 1992 WL 350762 (S.D.N.Y. Nov. 13, 1992), for example, Salomon Bros. was sued for misrepresentation of facts and concealment of treasury violations in a securities auction. Salomon had conducted internal audits of its controls and procedures for trading and had commissioned an audit by Coopers & Lybrand. When a suit was brought against it, Salomon claimed a self-critical analysis privilege for those audits. The court recognized the public’s interest but concluded that discovery would not curtail management control studies and internal audits because economic efficiencies, accuracy in financial reporting, and improvement of business standards are integral to the success of a business. Thus, the court held the privilege did not apply. Id. See also Scott v. City of Peoria, No. 09-1189, 2011 WL 5078171, at *6 (C.D. Ill. Oct. 25, 2011) (refusing to apply the self-critical analysis privilege to a police investigation report because the public “has an extremely strong interest in assuring that the accusations [against police officers] are properly addressed and investigated”); Lewis v. Wells Fargo & Co., 266 F.R.D. 433, 439 (N.D. Cal. 2010) (rejecting the self-critical analysis privilege because allowing discovery of Fair Labor Standards Act audit results would not curtail such audits in the future); MacNamara v. City of New York, No. 04 Civ. 9612(KMK)(JCF), 2007 WL 755401, at *4 (S.D.N.Y. Mar. 14, 2007) (refusing to apply the privilege where there would be no chilling effect because, “as a government agency, [the NYPD] has an obligation to the public to ensure that its operations are effective”); In re Winstar Commc’ns, No. 01 CV 3014(GBD), 2007 WL 4115812, at *2-3 (S.D.N.Y. Nov. 15, 2007) (holding that there would be no chilling effect because the auditor owes a duty to the investing public, and noting a trend that the privilege is inapplicable in securities fraud actions where an accounting firm is being sued for allegedly engaging in a massive accounting fraud); Cruz v. Coach Stores, Inc., 196 F.R.D. 228, 232 (S.D.N.Y. 2005) (“A company has an obvious economic interest in engaging in self-evaluations of employee misconduct: it hardly needs the additional protection of a shield of privilege to investigate its


The self-investigative privilege also been invoked to protect internal corporate investigations. See FTC v. TRW, Inc., 628 F.2d 207 (D.C. Cir. 1980) (rejecting use of privilege to impair FTC); In re LTV Sec. Litig., 89 F.R.D. 595, 618-22 (N.D. Tex. 1981) (finding that privilege existed).

Compare:

In re Block Island Fishing, Inc., 323 F. Supp. 3d 158, 162 (D. Mass. 2018). Self-critical analysis privilege protected the self-analysis portion of company’s internal investigation report concerning collision of its fishing vessel with a tanker; “the self-critical analysis privilege is especially compelling where a post-accident safety review is concerned.”

Hogan v. City of Easton, No. 04-759, 2006 WL 3702637, at *8 n.8 (E.D. Pa. Dec. 12, 2006). Self-critical analysis privilege applied to post-incident police evaluations. The privilege applies “where the compelling public interest that individuals and businesses comply with the law outweighs the needs of litigants and the judicial system for access to information relevant to the litigation.”


Reichhold Chems., Inc. v. Textron, Inc., 157 F.R.D. 522 (N.D. Fla. 1994). Self-critical analysis privilege protected retrospective analyses of past conduct, practices, and occurrences, and the resulting environmental consequences. The privilege applies only to reports prepared after the fact for the purpose of candid self-evaluation and analysis of the cause and effect of past pollution.

Shipes v. BIC Corp., 154 F.R.D. 301 (M.D. Ga. 1994). Applying Georgia law, the court held that the self-critical analysis privilege protected self-evaluation disclosures sent to the Consumer Products Safety Commission, but only to the extent that they reflected critical analysis of BIC products, testing, or procedures.

In re Crazy Eddie Sec. Litig., 792 F. Supp. 197 (E.D.N.Y. 1992). Court recognized that a self-investigative privilege serves the public interest by encouraging self-improvement through uninhibited self-analysis and evaluation. However, court also noted that the privilege is not absolute and applies only to the evaluation itself, not to the underlying facts on which the evaluation is based.

With:

Dowling v. Am. Haw. Cruises, Inc., 971 F.2d 423 (9th Cir. 1992). Court addressed the self-investigative privilege without specifically adopting it since it concluded that, even if a self-critical analysis privilege exists, it would not apply to routine safety reviews. It reasoned that these routine reviews would not be curtailed by discovery because other incentives for conducting such interviews (i.e., avoiding liability) continue to exist. In addition, court found that safety reviews are not always performed with an expectation of confidentiality. The court also found that fairness did not require protection since the company was not legally required to conduct these reviews.

Lopez v. Santoyo, No. 09cv00108 W(RBB), 2012 WL 5427957, at *9 (S.D. Cal., Nov. 7, 2012). Court held that self-critical analysis privilege did not protect prior medical and dental committee meeting minutes from disclosure. The “self-critical” analysis privilege invoked by defendants has not been recognized by the Ninth Circuit, but even if it had, it is inapplicable where the four elements have not been met.

In re Digitek Prod. Liab. Litig., MDL No. 1968, 2010 WL 519860, at *5-6 (S.D. W. Va. Feb. 10, 2010). The court did not acknowledge or accept the self-critical analysis privilege, but found that, even if it had, the privilege would not apply to the type of internal audit in question. The purpose of the audit was to determine if a pharmaceutical company’s packaging and testing operations complied with federal regulations. This assessment, the court reasoned, would not be the type whose flow would be curtailed should discovery be allowed because these types of audits are essential to the success of pharmaceutical companies, which are often in competition with one another and stringently regulated by the federal government.

U.S. ex rel. Sanders v. Allison Engine Co., 196 F.R.D. 310 (S.D. Ohio 2000). Self-critical analysis privilege would not protect from discovery by qui tam relator internal audits conducted to assess quality control deficiencies and potential improvements in the fabrication of base and enclosure assemblies for generator sets that were installed in United States Arleigh Burke class destroyers. First, courts, with apparent uniformity, have refused to apply the privilege where the documents in question have been sought by a government agency. There is a “strong public interest in allowing governmental investigations to proceed efficiently and expeditiously.” Second, the court was skeptical that disclosure would chill future quality control audits. Third, the documents were not created with the expectation that they would remain confidential, because the company was required to make the reports available to the prime contractor.

Mason v. Stock, 869 F. Supp. 828 (D. Kan. 1994). City could not invoke self-critical analysis privilege to block discovery of police internal affairs investigation because it would interfere with the constitutional rights of citizens, and discovery was not likely to chill police cooperation with internal investigations.

In re Grand Jury Proceedings, 861 F. Supp. 386 (D. Md. 1994). Company was served with a grand jury subpoena seeking the results of an internal audit conducted by a private consultant. Court held that the self-critical analysis privilege did not apply in the criminal context.

Vanek v. NutraSweet, Co., No. 92 C 0115, 1992 WL 133162 (N.D. Ill. June 11, 1992). Employee sued former employer under Title VII after she was laid off while on maternity leave. Before the lawsuit, the company had formed a task force to set goals for diversity. In addition, an outside consultant had performed an audit and made recommendations to key personnel in human resources. Court held that the self-evaluative privilege did not apply, because these activities were voluntary.
Steinle v. Boeing Co., No. 90-1377-C, 1992 WL 53752 (D. Kan. Feb. 4, 1992). Employee complained to company’s internal EEOC office which conducted an investigation and concluded that there was no misclassification. In a subsequent lawsuit, the employee requested documents from the investigation, and the court found there was no privilege. It reasoned that self-evaluation of individual grievances would not be affected by disclosure, because such an investigation is consistent with the business interests of management.


Dorato v. Smith, 163 F.Supp.3d 837, 892-93 (D.N.M. 2015). Declining to recognize the self-critical analysis privilege in the Tenth Circuit, specifically as applied to police personnel and investigative files.

Some courts have expressed skepticism and have refused to recognize a self-critical privilege for internal corporate investigations.

See:

Alaska Elec. Pension Fund v. Pharmacia Corp., 554 F.3d 342, 351 n.12 (3d Cir. 2009). “The self-critical analysis privilege has never been recognized by this Court and we see no reason to recognize it now.”

Burden-Meeks v. Welch, 319 F.3d 897, 899 (7th Cir. 2003). Noting that the Seventh Circuit has not recognized the self-critical analysis privilege.

Union Pac. R.R. v. Mower, 219 F.3d 1069, 1076 n.7 (9th Cir. 2000). The Ninth Circuit noted that it “has not recognized this novel privilege” and was unable to identify any Oregon case law adopting or even discussing “this supposed privilege.”


Jewell v. Polar Tankers Inc., No. C 09-1669, 2010 WL 1460165, at *1 (N.D. Cal. Apr. 8, 2010). There is no basis for applying the self-critical analysis privilege in the Northern District of California; to the contrary, there is a “well recognized federal policy of promoting broad pre-trial discovery.”


Lindley v. Life Investors Ins. Co. of Am., 267 F.R.D. 382, 387 (N.D. Okla. 2010). Noting that the privilege is not recognized in Oklahoma or the Tenth Circuit.

Smith v. Life Investors Ins. Co., No. 2:07-cv-681, 2009 WL 3364933, at *8 (W.D. Pa. Oct. 16, 2009). Noting that the privilege is not recognized by Pennsylvania or the Third Circuit and declining to apply it to an undated report prepared by outside counsel absent demonstration that the report was communicated to the client.

Gordon v. Sunrise Senior Living Mgmt., Inc., No. 08-cv-02299-REB-MJW, 2009 WL 2959213, at *1 (D. Colo. Sept. 10, 2009). Noting that the privilege is not recognized by the Tenth Circuit or under Colorado law.
Ovesen v. Mitsubishi Heavy Indus. of Am. Inc., No. 04 Civ. 2849, 2009 WL 195853, at *2 (S.D.N.Y. Jan. 23, 2009). Noting that the continued viability of the privilege “is an open question” and declining to apply it to internal correspondence relating to an airplane crash because defendants failed to establish that the information would not have been generated had its authors believed it would be disclosed.


Mitchell v. Fishbein, 227 F.R.D. 239, 251-52 (S.D.N.Y. 2005). Noting that the privilege has not been recognized in the Second Circuit.

Freiermuth v. PPG Indus., Inc., 218 F.R.D. 694, 697 (N.D. Ala. 2003). Noting that the privilege has not been recognized in the Eleventh Circuit.


See also:

Abbott v. Harris Publ’ns, 97 Civ. 7648, 1999 WL 549002, at *2 (S.D.N.Y. July 28, 1999). “In light of the Supreme Court opinion in [University of Pennsylvania v. EEOC, 493 U.S. 182 (1990)], it is clear that to the extent a self-critical analysis privilege has any continued validity, the party seeking to invoke it bears a heavy burden of establishing that public policy strongly favors the type of review at issue and that disclosure in the course of discovery will have a substantial chilling effect on the willingness of parties to engage in such reviews.”

State law relating to privileges is often governed by statute, and many states have statutes adopting forms of a self-evaluative privilege in a very limited context. For example, most states afford some confidentiality to medical peer reviews of patient care. See, e.g., ALA. CODE § 22-21-8 (West 2016); FLA. STAT. ANN. § 766.101 (West 2017); GA. CODE ANN. §§ 31-7-133, 31-7-143 (West 2016); IOWA CODE ANN. § 147.135 (West 2017); MASS. GEN. LAWS ANN. ch. 111, § 204 (West 2016). A number of states have adopted statutes that create privilege for environmental audits, generally covering reports or audits that constitute voluntary evaluations designed to identify or prevent non-compliance with environmental laws. See, e.g., ALASKA STAT. ANN. § 09.25.450 (West 2016); KY. REV. STAT. ANN. § 224.01-040 (West 2017); MISS. CODE ANN. § 49-2-71 (West 2017). State courts, however, have generally declined to recognize a more general self-evaluative privilege. See, e.g., Lara v. Tri-State Drilling, Inc., 504 F. Supp. 2d 1323, 1328 (N.D. Ga. 2007) (“Georgia law does not allow for such a privilege.”); Jolly v. Super. Court, 112 Ariz. 186, 540 P.2d 658, 662-63 (Ariz. 1975) (refusing to apply privilege to materials relating to internal investigation of possible violation

VI. GOVERNMENTAL DELIBERATIVE PROCESS PRIVILEGE


FOIA commands disclosure of certain information held by federal (not state or local) agencies. See 5 U.S.C. § 552(a) (West 2016); Rimmer v. Holder, 700 F.3d 246, 258 (6th Cir. 2012) (citing Grand Cent. P’ship, Inc. v. Cuomo, 166 F.3d 473, 484 (2d Cir. 1999)). Except with respect to the records that an agency must automatically disclose or publish under § 552(a)(1)-(2), and intelligence information, exempted under § 552(a)(3)(E), each agency, upon receiving a request that reasonably describes the records sought, shall make its records promptly available to any person. 5 U.S.C. § 552(a)(3)(A) (West 2016). The agency is required to respond whether it will provide the information within 20 days of the receipt of the request. Id. § 552(a)(6)(A). An agency presented with a request for records under FOIA is required to produce only the records that were either created or obtained by the agency and are subject to the control of the agency at the time the FOIA request is made. Ethyl Corp. v. U.S. EPA, 25 F.3d 1241, 1247 (4th Cir. 1994) (citing U.S. Dep’t of Justice v. Tax Analysts, 492 U.S. 136, 144-45 (1989)). The public right of access to federal agency records created by FOIA is enforceable in court. Audubon Soc’y v. U.S. Forest Serv., 104 F.3d 1201, 1203 (10th Cir. 1997). Under FOIA, districts courts are given jurisdiction to enjoin the agencies from “withholding agency records and to order the production of any agency records improperly withheld.” 5 U.S.C. § 552(a)(4)(B) (West 2016). If an agency has been sued by an individual because the agency has refused to release documents, the agency bears the burden of justifying nondisclosure. Herrick v. Garvey, 298 F.3d 1184, 1189 (10th Cir. 2002); Valfells v. CIA, 717 F. Supp. 2d 110, 115 (D.D.C. 2010). An agency shall withhold information only if “the agency reasonably foresees that disclosure would harm an interest protected by an exemption” or if “disclosure is prohibited by law.” 5 U.S.C.A. § 552(a)(8)A(i). See also Rosenberg v. U.S. Dep’t of Defense, 342 F. Supp. 3d 62, 77 (D.D.C. 2018) (finding that agency failed to carry its

An agency must promptly make available any records requested by members of the public, unless the agency can establish that the information is properly withheld under any of the nine exemptions set forth in the statute. See 5 U.S.C. § 552(a)-(b) (West 2016); Casa De Maryland, Inc. v. U.S. Dept. of Homeland Sec., 409 F. App’x 697, 699 (4th Cir. 2011); American Civil Liberties Union of Michigan v. F.B.I., 734 F.3d 460, 465 (6th Cir. 2013). The enumerated exemptions, which include defense and foreign policy secrets, personnel rules and practices of federal agencies, trade and commercial secrets, the deliberative process, personal privacy, law enforcement, financial institutions and geological information privileges, however, should not “obscure the basic policy that disclosure, not secrecy, is the dominant objective of the Act.” Klamath, 532 U.S. at 8. The Act’s “purpose is ‘to ensure an informed citizenry, vital to the functioning of a democratic society, needed to check against corruption and to hold the governors accountable to the governed.’” American Management Servs, LLC v. Dep’t of the Army, 703 F.3d 724, 728 (4th Cir. 2013).

**Deliberative Process Exemption.** Exemption 5 of FOIA establishes the deliberative process privilege for federal agencies. The privilege shields from mandatory disclosure “inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency.” 5 U.S.C. § 552(b)(5) (West 2016); NLRB v. Sears, Roebuck & Co., 421 U.S. 132, 148-49 (1975) (holding that Exemption 5 withholds from members of the public documents that a private party could not discover in litigation with the agency).

Exemption 5 of FOIA has been held to incorporate the deliberative process, the attorney-client, and the work product privileges. See Sears, Roebuck & Co., 421 U.S. at 149; New York Times Co. v. U.S. Dep’t of Justice, 756 F.3d 100, 104 (2d Cir. 2014) (“Exemption 5 encompasses traditional common law privileges against disclosure, including the attorney[-] client and deliberative process privileges.”); Appleton Papers, Inc. v. EPA, 702 F.3d 1018, 1022 (7th Cir. 2012) (deliberative process privilege “covers work product”); Tax Analysts v. I.R.S., 294 F.3d 71, 76 (D.C. Cir. 2002); Tigue v. U.S. Dep’t of Justice, 312 F.3d 70, 76, 77 (2d Cir. 2002) (deliberative process privilege is a “sub-species” of the work product privilege); United States v. Fernandez, 231 F.3d 1240, 1246 (9th Cir. 2000); Schell v. U.S. Dep’t of Health & Human Servs., 843 F.2d 933, 939 (6th Cir. 1988). This part of the outline focuses on the deliberative process privilege only.

The deliberative process privilege protects from disclosure certain documents reflecting an agency’s internal decision-making. The privilege rests on the proposition that officials will not communicate candidly among themselves if each remark is a potential item of discovery and front-page news, and the purpose of the privilege is to enhance the quality of agency decisions by protecting open and frank discussion among those who make them within the government. Klamath, 532 U.S. at 8-9; United States v. Nixon, 418 U.S. 683, 705 (1974) (recognition of the privilege relies on the notion that “those who expect public dissemination
of their remarks may well temper candor with a concern for appearances and for their own interests to the detriment of the decision-making process”); Sears, Roebuck & Co., 421 U.S. at 151 (the general purpose of the deliberative-process privilege is to prevent injury to the quality of agency decisions); United States v. Farley, 11 F.3d 1385, 1389 (7th Cir. 1993) (same); see also Judicial Watch v. Dep’t of the Army, 466 F. Supp. 2d 112, 120 (D.D.C. 2006) (noting three part rationale for privilege: (1) to encourage frank discussions in government agencies; (2) to protect government policies from public disclosure prior to being finalized; and (3) to prevent public confusion regarding the ultimate rationale for an agency’s adopted policy).

However, because the public generally “has a right to every man’s evidence,” the courts narrowly construe constitutional, common law, and statutory privileges “for they are in derogation of the search for truth.” Nixon, 418 U.S. at 709-10; accord U.S. Dep’t of State v. Ray, 502 U.S. 164, 173 (1991) (admonishing that, in applying the deliberative process privilege, at all times courts must bear in mind that FOIA mandates a “strong presumption in favor of disclosure”); U.S. Dep’t of Justice v. Tax Analysts, 492 U.S. at 151 (“[c]onsistent with the Act’s goal of broad disclosure, these exemptions have been consistently given a narrow compass”); Rose, 425 U.S. at 361 (limited exemptions do not obscure the basic policy that disclosure, not secrecy, is the dominant objective of the Act).

A. ELEMENTS OF THE PRIVILEGE

To qualify under the express terms of Exemption 5, a document must originate from a government agency and fall within the ambit of a privilege against discovery under judicial standards that would govern litigation against the agency that holds the document. Dep’t of the Interior v. Klamath Water Users Protective Ass’n, 532 U.S. 1, 8-9 (2001) (discussing the agency-origin requirement). Having examined whether the documents sought constitute “inter-agency or intra-agency communications,” a court must determine whether the documents sought would be “normally privileged in the civil discovery context.” NLRB v. Sears, Roebuck & Co., 421 U.S. 132, 149 (1975). If a document is protected work product, it is also protected by Exemption 5 without reaching the issue of whether it is also protected by the deliberative process privilege. Such materials are not “routinely” or “normally” available to parties in litigation and hence are exempt under Exemption 5. Id. at 27-28; see also Appleton Papers, Inc. v. EPA, 702 F.3d 1018, 1022 (7th Cir. 2012); Hanson v. U.S. Agency for Int’l Dev., 372 F.3d 286, 292 (4th Cir. 2004).

Building upon the Supreme Court guidelines, federal courts of appeals developed judicial standards governing the assertion of deliberative process privilege. Under these principles, in order to assert the privilege, an agency must show that the information sought is (1) an inter-agency or intra-agency document, (2) predecisional, and (3) deliberative. Carter v. U.S. Dep’t of Commerce, 307 F.3d 1084, 1089 (9th Cir. 2002); Tigue v. U.S. Dep’t of Justice, 312 F.3d 70, 76-77 (2d Cir. 2002) (deliberative process privilege covers “documents reflecting advisory opinions, recommendations and deliberations comprising part of a process by which governmental decisions and policies are formulated”); Texaco P.R., Inc. v. Dep’t of Consumer Affairs, 60 F.3d 867, 884-85 (1st Cir. 1995); Becker v. IRS, 34 F.3d 398, 402-03 (7th Cir. 1994); City of Virginia Beach v. U.S. Dep’t of Commerce, 995 F.2d 1247, 1252-53
1. Intra- And Inter-Agency Communications

The deliberative process privilege embodied in Exemption 5 of FOIA extends to inter- or intra-agency communications. In this context, “agency” means each authority of the government of the United States, and includes any executive department, military department, government corporation, government controlled corporation, or other establishment in the executive branch of the government, or any independent regulatory agency. Dep’t of the Interior v. Klamath Water Users Protective Ass’n, 532 U.S. 1, 9 (2001) (quoting 5 U.S.C. §§ 551(1) and 552(f)). Entities within the executive branch set up solely to advise the President are not considered “agencies,” however. See Meyer v. Bush, 981 F.2d 1288, 1297-98 (D.C. Cir. 1993) (holding that a task force created by the President to study regulatory relief is not an “agency” under FOIA); Moore v. FBI, 883 F. Supp. 2d 155, 161 (D.D.C. 2012) (Executive Office of the President was not an agency subject to FOIA disclosure requirements); Judicial Watch, Inc. v. Nat’l Energy Policy Dev. Grp., 219 F. Supp. 2d 20, 55 (D.D.C. 2002) (holding that the Vice President and his staff were not subject to FOIA), rev’d on other grounds, Cheney v. U.S. Dist. Court, 540 U.S. 1088 (2003). While “intra-agency” documents are those that remain inside a single federal agency, and “inter-agency” documents are those that go from one governmental agency to another, they are treated identically by courts interpreting FOIA. Renegotiation Bd. v. Grumman Aircraft Eng’g Corp., 421 U.S. 168, 188 (1975) (“Exemption 5 does not distinguish between inter-agency and intra-agency memoranda.”). Further, where the United States is a single party in litigation, it is treated as a single party for the purposes of Exemption 5 of FOIA, even when two government divisions have adverse interests in the outcome. Menasha Corp. v. Department of Justice, 707 F.3d 846, 851-52 (7th Cir. 2013).

Some courts recognize a “consultant corollary” which extends the exemption to communications between government agencies and outside consultants acting on behalf of the agency. Klamath, 532 U.S. at 9. These courts hold that documents created by outside consultants for the agency may be considered privileged when “the records submitted by outside consultants played essentially the same part in an agency’s process of deliberation as documents prepared by agency personnel might have done.” Id. at 10 (citing U.S. Dep’t of Justice v. Julian, 486 U.S. 1, 18 n.1 (1988) (Scalia, J., dissenting)). In order for the corollary to apply, documents submitted by an outside party must have been solicited by the agency. McKinley v. Bd. of Governors of the Fed. Reserve Sys., 647 F.3d 331, 336 (D.C. Cir. 2011) (upholding assertion of privilege over memoranda created by the Federal Reserve Bank of New York at the behest of the Federal Reserve Board, even though the former is not a government agency).

See also:

Solers, Inc. v. Internal Revenue Serv., 827 F.3d 323, 330 (4th Cir. 2016). Notes prepared by an IRS employee that represented the employee’s thoughts and impressions on the direction of the investigation were protected under Exemption 5 of FOIA.

Nat’l Inst. of Military Justice v. U.S. Dep’t of Def., 512 F.3d 677, 682-83 (D.C. Cir. 2008). Opinions solicited by the Department of Defense from unpaid experts for the purpose of establishing military commissions to try terrorists held to be “intra-agency.”

Tigue v. U.S. Dep’t of Justice, 312 F.3d 70, 78 & n.2 (2d Cir. 2002). Report prepared by Assistant United States Attorney for task force commission established by IRS and relied upon by commission in providing recommendation to IRS constituted inter-agency communication under FOIA.

Gov’t Land Bank v. Gen. Servs. Admin., 671 F.2d 663, 666 (1st Cir. 1982). “A realty appraisal obtained by government agency to help it sell property is covered by [Exemption 5 of FOIA].”

Hoover v. U.S. Dep’t of Interior, 611 F.2d 1132, 1138 (5th Cir. 1980). “[T]he appraisal report in the present case, although prepared by an outside expert, is an intra-agency memorandum within the meaning of Exemption 5 . . . .”

Lead Indus. Ass’n v. OSHA, 610 F.2d 70, 83 (2d Cir. 1979). Applying Exemption 5 to cover draft reports “prepared by outside consultants who had testified on behalf of the agency rather than agency staff.”

Wu v. Nat’l Endowment for Humanities, 460 F.2d 1030, 1032 (5th Cir. 1972). Evaluation of grant applications for agency by outside experts held to be “intra-agency memoranda” under 5 U.S.C. § 552(b)(5).


But see:

FPL Grp. Inc. v. IRS, 698 F. Supp. 2d 66, 88 & n.23 (D.D.C. 2010). Court denied summary judgment in favor of IRS where industry association participated in development of revenue ruling and privilege log and declarations failed to establish conclusively that the withheld materials did not include documents created by the industry association’s counsel.

People for the Am. Way Found. v. U.S. Dep’t of Educ., 516 F. Supp. 2d 28, 40 (D.D.C. 2007). Documents exchanged between U.S. Department of Education and contractors regarding voucher program not privileged when contractor was statutorily required to provide independent evaluation of the program and was not hired in an advisory capacity.

The Supreme Court has cautioned that the term “intra-agency” is not “just a label to be placed on any document the Government would find it valuable to keep confidential.” Klamath, 532 U.S. at 12. In Klamath, the Court held that documents submitted to the Department of the Interior by various Native American tribes could not fall within the definition of “intra-agency” because the tribes sought to advance their own interests, not to provide impartial advice to aid the agency. Id. at 12-13. See also Shapiro v. Dep’t of Justice, 969 F. Supp. 2d 18, 31 (D.D.C. 2013) (brief bank created by DOJ containing full briefs and excerpts of briefs filed by the government in prior cases not “inter- or intra-agency memoranda” because federal courts are not agencies under FOIA); Elec. Frontier Found. v. Office of the Dir. of Nat’l Intelligence, No. C 08-01023 JSW, 2009 WL 3061975, at *5

The Fourth Circuit, in Hunton & Williams v. U.S. Department of Justice, extended the reach of Exemption 5, holding that, under the common interest doctrine, certain communications with private litigants with whom a federal agency shared a common interest could constitute protected “inter-agency” or “intra-agency” communications. 590 F.3d 272, 283-85 (4th Cir. 2010). The Fourth Circuit held that the test to be applied in determining when communications with a private litigant would be potentially protected is “the point in time when [the agency] decided it was in the public interest for [the private litigant] to prevail in the litigation and [the agency] agreed to partner with [the private litigant] to do so.” Id. at 285. The court was clear that, although the common interest doctrine allowed the agency to assert privilege over communications with a private litigant satisfying the “inter-agency” or “intra-agency” requirement under Exemption 5, the agency also had to establish the elements of a recognized privilege. Id. at 280.

2. Predecisional Communications

“A document will be considered ‘predecisional’ if the agency can (i) pinpoint the specific agency decision to which the document correlates, (ii) establish that its author prepared the document for the purpose of assisting the agency official charged with making the agency decision, and (iii) verify that the document ‘precedes, in temporal sequence, the ‘decision’ to which it relates.’” Providence Journal Co. v. U.S. Dep’t of the Army, 981 F.2d 552, 557 (1st Cir. 1992) (holding that report by Inspector General (“IG”) is “predecisional” where Army Vice Chief of Staff (“VCOS”) ordered the IG to conduct a preliminary criminal investigation and VCOS, not the IG, was the final decisionmaker); Carter v. U.S. Dep’t of Commerce, 307 F.3d 1084, 1089 (9th Cir. 2002) (holding that adjusted census data that, although held back based on accuracy concerns, was originally prepared for the purpose of dissemination to the public was not “predecisional”); Grand Cent. P’ship, Inc. v. Cuomo, 166 F.3d 473, 482 (2d Cir. 1999) (holding that emails between agency employees prepared in order to assist an agency decision-maker in arriving at his decision and predating the decision are “predecisional”).

Drafts of agency orders, regulations, or official histories are routinely deemed to be predecisional and protected by the privilege. See, e.g., Dudman Commc’ns Corp. v. Dep’t of Air Force, 815 F.2d 1565, 1569 (D.C. Cir. 1987) (protecting draft manuscript of official history of Air Force involvement in Vietnam); Arthur Andersen & Co. v. IRS, 679 F.2d 254, 258-59 (D.C. Cir. 1982) (protecting draft of IRS revenue ruling); Pies v. IRS, 668 F.2d 1350, 1353-54 (D.C. Cir. 1981) (protecting draft of proposed IRS regulations). The privilege covers recommendations, draft documents, proposals, suggestions, and other subjective documents, which reflect the personal opinions of the writer rather than the policy of the agency. See Judicial Watch v. Dep’t of Justice, 466 F. Supp. 2d 112, 121-22 (D.D.C. 2006) (protecting
document that had “the appearance of a final copy” but had blank space to be signed by military
official and was attached to an email that referred to the document as a “draft”); Dipace v.
Goord, 218 F.R.D. 399, 404-06 (S.D.N.Y. 2003) (letter from commissioner of correctional
services to commissioner of mental health discussing inpatient psychiatric care of inmates and
proposal relating to number of beds at state psychiatric center was protected from disclosure
as predecisional plan rather than final agency decision); Hunt v. U.S. Marine Corp.,
memos as predecisional and deliberative). Moreover, “notes taken by government officials
often fall within the deliberative process privilege.” Baker & Hostetler LLP v. U.S. Dep’t of
Commerce, 473 F.3d 312, 321-22 (D.C. Cir. 2006); see also Carter, Fullerton & Hayes LLC
v. FTC, 520 F. Supp. 2d 134, 144 (D.D.C. 2007) (handwritten notes and outline created by
senior FTC employee in preparation for an “industry speech” were privileged when they
“[were] ‘deliberative aids’ in deciding the final content of a Commission sanctioned speech”).

Likewise, legal opinions provided to assist an agency official in making an official
decision before the decision is made are also protected by the privilege. Elec. Privacy Info.
by the Department of Justice’s Office of Legal Counsel for the Attorney General and the head
of another executive agency were protected by the deliberative process privilege); accord
opinions representing the “final statement of agency policy” are not protected by the privilege).

Although courts often speak of a requirement to “pinpoint” the agency decision which
a protected document precedes, see e.g., Commonwealth of P.R. v. U.S. Dep’t of Justice,
823 F.2d 574, 585 (D.C. Cir. 1987) (“[t]o approve exemption of a document as predecisional,
a court must be able to pinpoint an agency decision or policy to which the document
contributed”), it is not always necessary to locate a specific final decision by the agency in
order to secure the privilege, Judicial Watch v. Dep’t of the Army, 466 F. Supp. 2d 112, 120
(D.D.C. 2006) (agency need only establish “what deliberative-process is involved”) (internal
U.S. Dep’t of Justice, 949 F. Supp. 2d 225, 235 (D.D.C. 2013) (privilege does not turn on
identifying a final decision), with Ibrahim v. Dep’t of Homeland Sec., No. C 06-00545 WHA,
2013 WL 1703367, at *6 (N.D. Cal. Apr. 19, 2013) (asserting privilege failed as to documents
for which the government did not identify a specific decision). In NLRB v. Sears, Roebuck &
Co., the Supreme Court noted that agencies are engaged in a continuing process of examining
their policies; this process will generate memoranda containing recommendations that do not
ripen into agency decisions, and, therefore, the lower courts should be wary of interfering with
this process. 421 U.S. 132, 153 n.18 (1975) (taking notice that the lower courts have uniformly
drawn a distinction between predecisional communications, which are privileged, and
communications made after the decision and designed to explain it, which are not). At the
same time, the Court noticed the difficulty of drawing a bright line between predecisional and
post-decisional documents. Id. at 153 n.19. The final opinion of an agency serves a dual
function of explaining the decision just made and providing guidelines for decisions of similar
cases arising in the future. Id. In this latter guiding function, the agency opinion is
predecisional because it may affect decisions in later cases. Id. In this context, some courts
have held that the deliberative process privilege can also extend to recommendations and

However, courts deny protection to information that articulates a policy previously adopted as agency policy so as to prevent the creation of “secret law” that is unavailable to the public. See Tax Analysts v. IRS, 117 F.3d 607, 617 (D.C. Cir. 1997) (“A strong theme of our [deliberative process] opinions has been that an agency will not be permitted to develop a body of ‘secret law’...”) (quoting Coastal States Gas Corp. v. Dep’t of Energy, 617 F.2d 854, 866 (D.C. Cir. 1980)). For example, established guidelines such as the prosecutorial guidelines issued to United States Attorney’s offices are not protected from disclosure by the deliberative process privilege because the guidelines “express the settled and established policy of the U.S. Attorney’s Office.” Jordan v. U.S. Dep’t of Justice, 591 F.2d 753, 774 (D.C. Cir. 1978); accord Pub. Citizen, Inc. v. Office of Mgmt. & Budget, 598 F.3d 865, 875 (D.C. Cir. 2009) (materials identifying and explaining why certain federal agencies were not subject to an OMB legislative clearance process were not predecisional). But see Elec. Frontier Found. v. Dep’t of Justice, 739 F.3d 1, 9 (D.C. Cir. 2014) (holding that legal opinion prepared by Office of Legal Counsel (“OLC”) examining policy options available to the FBI did not waive deliberative process privilege because FBI never adopted the opinion); Worsham v. U.S. Dep’t of Treasury, Civil Action No. ELH-12-2635, 2013 WL 5274358, at *13 (D. Md. Sept. 17, 2013) (fact that a document relates to past agency policy decisions does not necessarily mean the drafts do not qualify for deliberative process privilege protection).

The deliberative process exemption similarly does not cover explanations of agency action or decisions that have already been made, as they are not considered predecisional. Fulbright & Jaworski v. U.S. Dep’t of Treasury, 545 F. Supp. 615, 617 (D.D.C. 1982). For this reason, drafts of press releases, communications explaining a policy decision to another executive agency, and training materials prepared after the decision was made may not be privileged. Mayer, Brown, Rowe, & Maw LLP v. IRS, 537 F. Supp. 2d 128, 136, 138-41 (D.D.C. 2008). But see ACLU v. U.S. Dep’t of Homeland Sec., 738 F. Supp. 2d 93, 112 (D.D.C. 2010) (talking points prepared before formal public statements were predecisional); Ford Motor Co. v. U.S., 94 Fed. Cl. 211, 223-24 (Fed. Cl. 2010) (distinguishing Mayer, Brown, Rowe, & Maw and holding that draft press releases were predecisional).

Moreover, “even if the document is predecisional at the time it is prepared, it can lose that status if it is adopted, formally or informally, as the agency position on an issue or is used by the agency in its dealings with the public.” Coastal States Gas Corp. v. Dep’t of Energy, 617 F.2d 854, 866 (D.C. Cir. 1980); Trea Senior Citizens League v. U.S. Dep’t of State, 994 F. Supp. 2d 23, 2013 WL 5825251, at *6-8 (D.D.C. 2013) (agreement signed but not yet submitted to Congress was sufficiently “final” to use its predecisional character). In NLRB v. Sears, Roebuck & Co., the Supreme Court required express adoption of a predecisional document as a prerequisite to finding waiver under Exemption 5. 421 U.S. at 161 (refusing to equate reference to a report’s conclusions with adoption of its reasoning; it is only the latter that destroys the privilege). In addition, the Fifth Circuit has held that a document explaining
the disposition of informal or routine matters can be exempt from disclosure, and that only documents that explain the formal adjudication of matters committed to the agency are the type of final opinions that must be disclosed. Skelton v. U.S. Postal Serv., 678 F.2d 35, 40-41 (5th Cir. 1982).

3. Deliberative Documents

In order to qualify for the deliberative process privilege, a document must also be deliberative. A document is “deliberative when it is actually . . . related to the process by which policies are formulated.” Grand Cent. P’ship, Inc. v. Cuomo, 166 F.3d 473, 482 (2d Cir. 1999); Hopkins v. U.S. Dep’t of Hous. & Urban Dev., 929 F.2d 81, 85 (2d Cir. 1991) (HUD inspector reports relate “to the deliberative process by which HUD policies are formulated”); Williams & Connolly LLP v. SEC, 729 F. Supp. 2d 202, 212-13 (D.D.C. 2010) (handwritten interview notes taken by SEC enforcement staff during a criminal prosecution that reflected the mental impressions of the SEC staff, their recommendations, and thoughts concerning the investigation qualified as “deliberative” and fell within the deliberative process privilege). It is not enough to show that the information was conveyed during the deliberative process; instead, the statement or document must have been a direct part of the deliberative process in that it makes recommendations or expresses opinions on legal or policy matters. Cuomo, 166 F.3d at 482; Ethyl Corp. v. EPA, 25 F.3d 1241, 1248 (4th Cir. 1994) (the privilege protects “recommendations, draft documents, proposals, suggestions, and other subjective documents which reflect the personal opinions of the writer rather than the policy of the agency”); Vaughn v. Rosen, 523 F.2d 1136, 1144 (D.C. Cir. 1975) (“[P]re-decisional materials are not exempt merely because they are predecisonal; they must also be a part of the agency give-and-take of the deliberative process by which the decision itself is made.”); Allen v. Woodford, No. CV-F-05-1104, 2007 WL 309945, at *5, *9 (E.D. Cal. Jan. 30, 2007) (to obtain privilege, communication must relate to a larger policy formulation, not a single, trivial decision, such as whether to fire a single employee); see also Cal. Native Plant Soc’y v. U.S. EPA, 251 F.R.D. 408, 416 (N.D. Cal. 2008) (requiring an agency to respond to interrogatories seeking information on the mechanics of the agency’s decision-making process but not the substance of the decision).

The privilege does not protect documents that are merely peripheral to actual policy formation. Cuomo, 166 F.3d at 482; see Gluckman v. U.S. Dep’t of Labor, Civil Action No. 3:13-cv-169, 2013 WL 6184957, at *8 (E.D. Va. Nov. 26, 2013) (documents characterized as “policy, criteria, or templates used by lower level employees in order to assess” applications are not predecisonal in nature); Shapiro v. U.S. Dep’t of Justice, 969 F. Supp. 2d 34 (D.D.C. 2013) (holding that brief bank created by the DOJ was not privileged because the government did “not argue that the Brief Bank was compiled for any specific claim” but rather “was compiled in anticipation of future FOIA litigation”); Jones v. Murphy, 256 F.R.D. 510, 517-18 (D. Md. 2008) (rejecting privilege where memoranda consisted of statements of law and assessments of existing policy, noting that the Fourth Circuit has adopted the “give-and-take test to determine whether documents are deliberative” meaning that there is “an actual back-and-forth in the documents . . . among agencies and parties”); Mayer, Brown, Rowe & Maw LLP v. IRS, 537 F. Supp. 2d 128, 136, 136-37 (D.D.C. 2008) (holding an anonymous memo was not privileged because it was “not shared with anyone else [who] would contribute to the decision process of agency policy making”); see also ACLU v. U.S. Dep’t of Homeland Sec,
738 F. Supp. 2d 93, 112-13 (D.D.C. 2010) (final report and expert report related to immigration detainee suicides were not protected because the agency failed to establish that the reports recommended any action or were considered as part of an agency decision-making process).

Case law identifies two additional non-conclusive factors that may assist courts in determining whether an opinion or recommendation is “deliberative”: (1) the “nature of the decision-making authority vested in the officer or person issuing the disputed document”; and (2) “the relative positions in the agency’s chain of command occupied by the document’s author and recipient.” Senate of the Commonwealth of P.R. v. U.S. Dep’t of Justice, 823 F.2d 574, 58 (D.D.C. 1987); see also Casad v. U.S. Dep’t of Health & Human Servs., 301 F.3d 1247, 1252 (10th Cir. 2002). Thus, for example, “[i]ntra-agency memoranda from subordinate to superior on an agency ladder are likely to be more deliberative in character than documents emanating from superior to subordinate.” Judicial Watch, Inc. v. Dep’t of Justice, No. 12-01350 (BAH), 2014 WL 794220, at *6 (D.D.C. Feb. 28, 2014) (quoting Schlefer v. United States, 702 F.2d 233, 238 (D.C. Cir. 1983)). See also Cause of Action v. F.T.C., 961 F. Supp. 2d 142, 166 (D.D.C. 2013) (memoranda from subordinate to superior, which contained recommendations based on opinion to aid in complex decisions, were considered deliberative and properly withheld). Conversely, a memorandum from a superior agency official to a subordinate official is less likely to be considered deliberative. Schlefer, 702 F.2d at 238; accord Casad, 301 F.3d at 1252. But see Metro. St. Louis Sewer Dist. v. EPA, No. 4:10-CV-2103 (CEJ), 2012 WL 685334, at *7 (E.D. Mo. Mar. 2, 2012) (“The Court cannot say, categorically, that all the communications that originated with superiors fall outside the deliberative process exemption.”)

Other courts have looked at similar factors such as whether the document “(i) formed an essential link in a specified consultative process, (ii) reflect[s] the personal opinions of the writer rather than the policy of the agency, and (iii) if released, would inaccurately reflect or prematurely disclose the views of the agency,” Cuomo, 166 F.3d at 482 (internal citations and quotations omitted); see also Hopkins, 929 F.2d at 84, or whether “the disclosure of the materials would expose an agency’s decisionmaking process in such a way as to discourage candid discussion within the agency and thereby undermine the agency’s ability to perform its functions.” Lahr v. Nat’l Transp. Safety Bd., 569 F.3d 964, 982 (9th Cir. 2009) (internal citations and quotations omitted). However, it is not necessary for the agency to establish that its decisionmaking process would be harmed by the release of the privileged material. McKinley v. Bd. of Governors of the Fed. Reserve Sys., 647 F.3d 331, 340 (D.C. Cir. 2011) (requiring agency to establish that specific harm from disclosure “would prove impracticable”).

4. Factual Material May Not Be Privileged

The courts must distinguish the exempted deliberative process information from the factual material that is not protected. It is well-established that discussions of objective facts, as opposed to opinions and recommendations, are not protected by the privilege. See e.g., Trentadue v. Integrity Comm., 501 F.3d 1215, 1229 (10th Cir. 2007) (factual material not privileged unless (1) inextricably intertwined with deliberative materials or (2) disclosure would reveal deliberative materials); Grand Cent. P’ship, Inc. v. Cuomo, 166 F.3d 473, 482 (2d Cir. 1999) (as a general matter, the privilege does not cover purely factual material); Local
3. Int’l Bhd. of Elec. Workers v. NLRB, 845 F.2d 1177, 1180 (2d Cir. 1988) (“Purely factual material not reflecting the agency’s deliberative process is not protected.”); see also In re Subpoena Served Upon Comptroller of Currency, 967 F.2d 630, 634 (D.C. Cir. 1992) (the bank examination privilege, like the deliberative process privilege, shields from discovery only agency opinions or recommendations; it does not protect purely factual material). Similarly, in Shapiro v. Department of Justice, 969 F. Supp. 2d 18, 37 (D.D.C. 2013), the court held that the government’s summaries of certain legal briefs or cases were not protected by the deliberative process privilege because the government failed to show that “the summary documents reveal[ed] any legal strategy or other case-specific legal considerations that might have implications for future litigation.” Rather, the summaries were “neutral objective analyses” and fell outside the ambit of the deliberative process privilege. Id. (citing Coastal States Gas Corp. v. Dep’t of Energy, 617 F.2d 854, 863 (D.C. Cir. 1980). See also Gambina v. Federal Bureau of Prisons, Civil Action No. 10-cv-02376-MSK-KLM, 2012 WL 4040335, at *4 (D. Colo. Sept. 12, 2012) (highlighting information in a referral packet does not transform factual information into part of the deliberative process).

Even if some materials from the requested record are exempt from disclosure, FOIA still requires that any “reasonably segregable” factual information from those documents be disclosed after redaction, unless the nonexempt portions are inextricably intertwined with the exempt portions. 5 U.S.C. § 552(b) (West 2016); see Elec. Frontier Found. v. Dep’t of Justice, 739 F.3d 1, 12 (D.C. Cir. 2014) (noting that non-exempt reasonably segregable information must be disclosed); Mo. Coal. for Env’t Found. v. U.S. Army Corps of Eng’rs, 542 F.3d 1204, 1211-12 (8th Cir. 2008) (“The withholding of an entire document by an agency is not justifiable simply because some of the material therein is subject to an exemption.”); Trentadue, 501 F.3d at 1231 (ordering disclosure of first seven pages of a memo when the introduction of the memo contained purely factual information related to the hanging death of an inmate); Army Times Publ’g Co. v. Dep’t of Air Force, 998 F.2d 1067, 1071 (D.C. Cir. 1993) (“Exemption 5 applies only to the deliberative portion of a document and not to any purely factual, non-exempt information the document contains; non-exempt information must be disclosed if it is reasonably segregable from exempt portions of the record, and the agency bears the burden of showing that no such segregable information exists.”); Judicial Watch, Inc. v. U.S. Dept. of Treasury, 796 F. Supp. 2d 13, 28 (D.D.C. 2011) (after in camera review of meeting summaries, court permitted agency to withhold summaries of deliberations, but required disclosure of date, time, and attendees of meetings); ACLU v. U.S. Dep’t of Homeland Sec., 738 F. Supp. 2d 93, 108-11 (D.D.C. 2010) (upholding redactions of memos to protect analysis and opinion of inspectors investigating immigration detainee suicides but requiring further disclosure or justification as to the complete redaction of a challenged email that potentially contained segregable factual information); Williams & Connolly LLP v. SEC, 729 F. Supp. 2d 202, 213 (D.D.C. 2010) (deliberative process privilege did not cover factual material contained in handwritten interview notes taken by SEC enforcement staff to the extent that the factual material was not “inextricably intertwined with deliberative notes”); Keeper of the Mountains Found. v. U.S. Dep’t of Justice, 514 F. Supp. 2d 837, 856 (S.D. W. Va. 2007) (“The uns sworn assertion by counsel cannot overcome the DOJ’s failure to conduct an inquiry into whether segregable information may be disclosed . . . .”); United States v. Exxon Corp., 87 F.R.D. 624, 636-37 (D.D.C. 1980) (ordering the Department of Energy to excise factual materials from information protected by the privilege and provide the factual information to the opposing party); see also Sanchez v. Johnson, No. C-00-1593 CW (JCS), 2001 WL 1870308, at *5 (N.D. 340
Cal. Nov. 19, 2001) (“[T]he fact/opinion distinction should not be applied mechanically. Rather, the relevant inquiry is whether revealing the information exposes the deliberative process.”) (internal citations and quotations omitted). Further, some Circuits require the district court to make a specific finding on the issue of segregability. Mo. Coal. for Env’t Found., 542 F.3d at 1212. In order to demonstrate that all reasonably segregable material has been released, the agency must provide a “detailed justification” for its non-segregability. Johnson v. Executive Office for U.S. Attorneys, 310 F.3d 771, 776 (D.C. Cir. 2002) (citing Mead Data Cent., Inc. v. Dep’t of the Air Force, 566 F.2d 242, 260 (D.C. Cir. 1977)); see also Mo. Coal. for Env’t Found., 542 F.3d at 1212. However, the agency is not required to provide so much detail that the exempt material would be effectively disclosed. Johnson, 310 F.3d at 776.

In the course of governmental business, many federal agencies are required to collect scientific facts and reach expert scientific conclusions based on those facts. Documents that contain factual information may be protected if “the manner of selecting or presenting those facts would reveal the deliberative process, or if the facts are ‘inextricably intertwined’ with the policymaking process.” Ryan v. Dep’t of Justice, 617 F.2d 781, 790 (D.C. Cir. 1980) (citing Montrose Chem. Corp. v. Train, 491 F.2d 63, 68 (D.C. Cir. 1974), and Soucie v. David, 448 F.2d 1067, 1078 (D.C. Cir. 1971)) overruling on other grounds recognized by Nat. Inst. of Military Justice v. Dep’t of Defense, No. 06-5242, 2008 WL 1990366, at *1 (D.C. Cir. Apr. 30, 2008); see also Moye, O’Brien, O’Rourke, Hogan & Pickert v. Nat’l R.R. Passenger Corp., 376 F.3d 1270, 1280-82 (11th Cir. 2004) (Amtrak’s financial audit work papers and internal memoranda relating to contract for design and construction of high-speed rail electrification system were protected by deliberative process privilege, where entire body of collaborative work performed by Amtrak’s auditors, including advisory opinions, recommendations, and deliberations, comprised part of process by which Amtrak auditing policies were formulated); Nat’l Wildlife Fed’n v. U.S. Forest Serv., 861 F.2d 1114, 1118-19 (9th Cir 1988) (application of the privilege is not tied to the type of information secreted in a document; the privilege applies if disclosure of factual information would reveal the agency’s decision-making process); Elec. Privacy Info. Ctr. v. U.S. Dep’t of Homeland Sec., 928 F. Supp. 2d 139, 150 (D.D.C. 2013) (all materials “factual or not” were protected by the deliberative process privilege because they were all part of the deliberative process); N.Y. Pub. Interest Research Grp. v. U.S. EPA, 249 F. Supp. 2d 327, 338-39 (S.D.N.Y 2003) (holding that information submitted by polluter regarding less expensive alternatives for cleaning up a site was not protected from disclosure, but the EPA official’s notes of meetings with polluter were protected under the deliberative process privilege because the notes reflected the priorities and interest of the agency, and disclosing the notes would expose the agency’s decision-making process); Reliant Energy Power Generation Inc. v. Fed. Energy Regulatory Comm’n, 520 F. Supp. 2d 194, 203 (D.D.C. 2007) (“[A]n agency may withhold a factual portion of a document if, in creating the document, the author undertook to separate significant facts from insignificant facts.”); Judicial Watch, Inc. v. U.S. Dept. of Treasury, 796 F. Supp. 2d 13, 28 (D.D.C. 2011) (holding internal memoranda protected where documents “reflect the authors’ deliberative process in selecting factual material to be disclosed in the memoranda”).

However, the fact that the agency’s scientific expertise is brought to bear does not necessarily transform interpretations of facts into communications protected by the deliberative process privilege. Petroleum Info. Corp. v. U.S. Dep’t of Interior, 976 F.2d 1429,
1437-38 (D.C. Cir. 1992) (information collected by the Bureau of Land Management, if not associated with a significant policy decision, is not “deliberative”); Playboy Enters. v. Dep’t of Justice, 677 F.2d 931, 935 (D.C. Cir. 1982) (holding that fact report was not within the privilege because the compilers’ mission was simply to “investigate facts,” and because the report was not “intertwined with the policy-making process”); Parke, Davis & Co. v. Califano, 623 F.2d 1, 6 (6th Cir. 1980) (expert opinions of agency scientists and medical personnel applying FDA regulations were unconnected to policy decisions of agency and not protected); Pac. Molasses Co. v. NLRB, 577 F.2d 1172, 1183 (5th Cir. 1978) (holding privilege inapplicable to “mechanically compiled statistical report” that contained no subjective conclusions); Allocco Recycling, Ltd. v. Doherty, 220 F.R.D. 407, 412 (S.D.N.Y 2004) (holding that commercial waste management study and notes were not protected by deliberative process privilege because the consultant’s role was limited to obtaining, recording and analysis of factual material); Greenpeace v. Nat’l Marine Fisheries Serv., 198 F.R.D. 540, 544 (W.D. Wash. 2000) (holding that documents prepared to determine effect of groundfish fisheries on Stellar sea lion and its habitat were not protected from disclosure by the deliberative process privilege); Seafirst Corp. v. Jenkins, 644 F. Supp. 1160, 1163 (W.D. Wash. 1986) (holding that reports produced by the national bank examiners of the Office of Comptroller of Currency with respect to financial condition of the corporation’s principal subsidiary, though containing expert interpretations of facts, did not contain advisory opinions, recommendations and deliberations comprising part of the process by which government formed its decisions and, hence, were not protected from discovery).

B. LIMITATIONS OF THE PRIVILEGE

Even if a document satisfies the criteria for protection under the deliberative process privilege, nondisclosure is not automatic. Unlike the attorney-client privilege, the deliberative process privilege is a qualified one, and it can be overcome by a sufficient showing of need outweighing the harm that might result from disclosure. In re Sealed Case, 121 F.3d 729, 737-38 (D.C. Cir. 1997); United States v. Farley, 11 F.3d 1385, 1389 (7th Cir. 1993); FTC v. Warner Comme’ns Inc., 742 F.2d 1156, 1161 (9th Cir. 1984); Coastal States Gas Corp. v. Dep’t of Energy, 617 F.2d 854, 868 (D.C. Cir. 1980). In the context of a FOIA request, however, some courts have concluded that the privilege is unqualified. Judicial Watch, Inc. v. U.S. Dept. of Treasury, 796 F. Supp. 2d 13, 26 (D.D.C. 2011) (“[A]nalyzing deliberative process privilege claims without regard to a FOIA plaintiff’s particular assertions of need is most consistent with the traditional understanding that Exemption 5 privileges are not treated as qualified because ‘Exemption 5 was intended to permit disclosure of those intra-agency memoranda which would ‘routinely be disclosed’ in private litigation.’”) (quoting NLRB v. Sears, Roebuck & Co., 421 U.S. 132, 149 (1975)).

1. Balancing Test

Once all elements of the privilege have been shown by the governmental agency, the burden shifts to the party opposing the privilege to establish that its need for the information outweighs the interest of the government in preventing disclosure of the information. See In re Sealed Case, 121 F.3d 729, 737 (D.C. Cir. 1997) (the deliberative process privilege can be overcome by a sufficient showing of need); Northrop Corp. v. McDonnell Douglas Corp., 751 F.2d 395, 404 (D.C. Cir. 1984) (“[U]nlike the absolute state secrets privilege, [the deliberative
process privilege] is relative to the need demonstrated for the information.”); FTC v. Warner
Commc’ns Inc., 742 F.2d 1156, 1161 (9th Cir. 1984) (unless the privilege is overcome, it
protects from disclosure materials that are both predecisional and reflective of a government
official’s deliberative process); Modesto Irrigation Dist. v. Gutierrez, No. 1:06-CV-00453
OWW DLB, 2007 WL 763370, at *6 (E.D. Cal. Mar. 9, 2007) (even if a document is
presumptively protected, the discovering party may obtain its disclosure if it makes an
adequate showing of need); Martin v. Valley Nat’l Bank, 140 F.R.D. 291, 303 (S.D.N.Y. 1991)
same); In re Franklin Nat’l Bank Sec. Litig., 478 F. Supp. 577, 583 (E.D.N.Y. 1979) (same).

Courts determine “need” on a case-by-case basis. “[E]ach time [the deliberative process
privilege] is asserted the district court must undertake a fresh balancing of the competing
interests,” taking into account factors such as: (i) the relevance of the evidence sought to be
protected; (ii) the availability of other evidence; (iii) the “seriousness” of the litigation; (iv) the
role of the government in the litigation; and (v) the possibility of future timidity by government
employees who will be forced to recognize that their secrets are violable. In re Sealed Case,
121 F.3d at 737-38. Accord Redland Soccer Club, Inc. v. Dep’t of Army, 55 F.3d 827, 854
(3d Cir. 1995); Ill. League of Advocates for the Developmentally Disabled v. Quinn,
No. 13 C 1300, 2013 WL 4734007, at *5-7 (N.D. Ill. Sept. 3, 2013); In re Delphi Corp.,
276 F.R.D. 81, 85 (S.D.N.Y. 2011); Gen. Motors Corp. v. United States, No. 07-14464, 2009
WL 5171806, at *6-7 (E.D. Mich. Dec. 23, 2009). See also Warner, 742 F.2d at 1161 (“Among
the factors to be considered in making this determination are: 1) the relevance of the evidence;
2) the availability of other evidence; 3) the government’s role in the litigation; and 4) the extent
to which disclosure would hinder frank and independent discussion regarding contemplated
policies and decisions.”). Lower courts sometimes consider additional factors, such as the
interest of the litigants, and ultimately society, in accurate judicial fact-finding; the seriousness
of the issues involved; the presence of issues concerning alleged governmental misconduct;
and the federal interest in the enforcement of federal law. See, e.g., N. Pacifica, LLC, v. City
of Pacifica, 274 F. Supp. 2d 1118, 1122 (N.D. Cal. 2003) (listing the additional factors); United
cases).

A court must balance the party’s need against the harm that may result from disclosure. In re Sealed Case, 121 F.3d at 737-38; Texaco P.R., Inc. v. Dep’t of Consumer Affairs, 60 F.3d
867, 885 (1st Cir. 1995) (considering the interests of the litigants, society’s interests in
accuracy and integrity of fact-finding, and the public’s interest in honest and effective
government); First E. Corp. v. Mainwaring, 21 F.3d 465, 468 n.5 (D.C. Cir. 1994)
(admonishing that, at minimum, the district courts should consider the five aforesaid factors);
Chisler v. Johnson, 796 F. Supp. 2d 632, 641 (W.D. Pa. 2011) (requiring disclosure of
investigative report in Section 1983 litigation by employee of Department of Corrections
alleging abuse by colleagues because of (i) seriousness of allegations, (ii) fact that DOC’s
alleged culture of violence gave rise to litigation, and (iii) likelihood that release would have
little chilling effect on agency); MacNamara v. City of New York, 249 F.R.D. 70, 82-83
(S.D.N.Y. 2008) (applying a balancing test in ordering disclosure of memoranda related to
planning for the arrest of protestors because the protective order mitigated risk of disclosure
and the planning bore on the plaintiffs’ claims that the city intentionally violated their civil
rights). But see Appleton Papers, Inc. v. EPA, 702 F.3d 1018, 1024 (7th Cir. 2012) (holding
that requester could not show “substantial need” by making fairness arguments related to a
hypothetical litigant, nor could it assert that it would be entitled to the document in hypothetical litigation with the government).

2. Exceptions To Balancing Test

In certain circumstances, courts may deny the protection of the deliberative process privilege by either finding an exception to the balancing test or holding that the balancing does not apply at all. See, e.g., In re Subpoena Duces Tecum Served on Office of Comptroller of Currency, 145 F.3d 1422, 1425 (D.C. Cir. 1998), on reh’g in part, 156 F.3d 1279 (D.C. Cir. 1998) (clarifying that if the governmental deliberations are at issue, the privilege does not apply, and the balancing test is unnecessary); Texaco P.R., Inc. v. Dep’t of Consumer Affairs, 60 F.3d 867, 885 (1st Cir. 1995) (where the documents sought may shed some light on alleged government malfeasance, the privilege is routinely denied).

a. Governmental Misconduct

Where there is reason to believe the documents sought may shed light on the government’s misconduct, the privilege is usually denied on the grounds that shielding internal government deliberations in this context does not serve “the public’s interest in honest, effective government.” In re Sealed Case, 121 F.3d 729, 746 (D.C. Cir. 1997) (analyzing the differences between the executive and deliberative process privileges, and explaining that appeals to the deliberative process privilege are denied “where there is reason to believe that the documents sought may shed light on government misconduct”); Texaco P.R., Inc. v. Dep’t of Consumer Affairs, 60 F.3d 867, 885 (1st Cir. 1995) (where the documents sought may shed light on alleged government malfeasance, the public interest under such circumstances is not the agency’s interest but the citizens’ interest in due process); Allen v. Woodford, No. CV-F-05-1104 OWW LJO, 2007 WL 309945, at *4-5 (E.D. Cal. Jan. 30, 2007) (documents not privileged where government used doctor with history of alleged incompetence for plaintiff-inmate’s surgery); Waters v. U.S. Capitol Police Bd., 216 F.R.D. 153, 162-63 (D.D.C. 2003) (stating that “it is inconceivable” that Congress intended the deliberative-process privilege to apply to information bearing on whether an agency engaged in discrimination).

Once the party seeking disclosure makes an initial showing of government misconduct, courts applying the exception do not engage in the usual balancing test, but simply conclude that the privilege does not “enter the picture at all.” In re Subpoena Duces Tecum Served on Office of Comptroller of Currency, 145 F.3d 1422, 1425 (D.C. Cir. 1998), on reh’g in part, 156 F.3d 1279 (D.C. Cir. 1998); see also Alexander v. FBI, 186 F.R.D. 170, 177 (D.D.C. 1999) (rejecting as “incorrect” the government’s argument that the balancing test applies in the face of identifiable government misconduct). To invoke the government misconduct exception, the party seeking discovery must provide an adequate factual basis for believing that the requested discovery would shed light upon government misconduct. Compare Am. Petroleum Bankers Parent, LLC v. United States, 952 F. Supp. 2d 252, 268-69 (D.D.C. 2013) (plaintiff failed to articulate what misconduct the government purportedly engaged in), and Judicial Watch of Fla. v. Dep’t of Justice, 102 F. Supp. 2d 6, 15-16 (D.D.C. 2000) (finding that the plaintiff, who did not show any evidence suggesting government malfeasance, failed to provide the requisite “discrete factual basis” for believing that the documents could shed light on government misconduct), with Alexander v. FBI, 186 F.R.D. 154, 164-66 (D.D.C. 1999) (presence of
misinformation in earlier drafts of executive branch officials’ statements to Congressman on same topic, and the Clinton Administration’s allegedly improper use of Reagan/Bush appointees’ FBI files, provided basis to believe documents would shed light on government misconduct).

b. Decision-Making Process At Issue

In addition, the privilege may be inapplicable where the agency’s decision-making process is itself at issue. See Mr. & Mrs. “B” v. Bd. of Educ. of Syosset Cent. Sch. Dist., 35 F. Supp. 2d 224, 230 (E.D.N.Y. 1998) (the deliberative process privilege may be inapplicable where the agency’s deliberations are among the central issues in the case); Dominion Cogen, D.C., Inc. v. District of Columbia, 878 F. Supp. 258, 268 (D.D.C. 1995) (finding that the privilege does not apply where the plaintiff’s allegations “place the deliberative process itself directly in issue”); Burka v. N.Y.C. Transit Auth., 110 F.R.D. 660, 667 (S.D.N.Y. 1986) (where the decision-making process itself is the subject of the litigation, the deliberative privilege may not be raised as a bar against disclosure of critical information). Some courts have held that the privilege does not apply at all when the claim in the case goes to the government’s subjective intent or where the deliberations themselves constitute part of the alleged wrongdoing. In re Subpoena Duces Tecum Served on Office of Comptroller of Currency, 145 F.3d 1422, 1424 (D.C. Cir. 1998), on reh’g in part, 156 F.3d 1279, 1279-80 (D.C. Cir. 1998) (noting that “if the plaintiff’s cause of action is directed at the government’s intent . . . it makes no sense to permit the government to use the privilege as a shield”). For instance, the courts have not applied the privilege in actions arising under Title VII, or in constitutional claims for discrimination. Id. (citing Crawford-El v. Britton, 523 U.S. 574 (1998), and Webster v. Doe, 486 U.S. 592 (1988)) (explaining that the deliberative process privilege is not available where the cause of action is directed at the agency’s subjective motivation). In Crawford-El and Webster, the Supreme Court faced governmental claims that discovery in such a proceeding should be limited, but neither of those cases ever suggested that the privilege applied.

Some courts have noted that the argument is absent because if either the Constitution or a statute makes the nature of governmental officials’ deliberations the issue, the privilege is a non sequitur. See id. (noting that if Congress creates a cause of action that deliberately exposes government decision-making to the light, the reason for the privilege evaporates); Williams v. City of Bos., 213 F.R.D. 99, 102 (D. Mass. 2003) (governmental or deliberative process privilege was not applicable to preclude disclosure of final reports of hearing officers in disciplinary proceedings investigating plaintiff’s allegations of racial discrimination against police superintendent and sergeant); Soto v. City of Concord, 162 F.R.D. 603, 612 (N.D. Cal. 1995) (finding deliberative process privilege inappropriate for use in civil rights cases against police departments); Burka, 110 F.R.D. at 667 (where the “decision-making process itself is the subject of the litigation,” it is inappropriate to allow the deliberative process privilege to preclude discovery of relevant information); but see Delphi Corp. v. United States, 276 F.R.D. 81, 85 (S.D.N.Y. 2011) (holding that court should conduct balancing test even when the litigation “involves a question concerning the intent of the governmental decisionmakers or the decisionmaking process itself”); Furey v. Wolfe, No. 10-1820, 2011 WL 597038, at *8 (E.D. Pa. Feb. 18, 2011) (holding conversation between police officer and superior to be privileged even in civil rights action where balance of interests favored protecting
deliberation); First Heights Bank, FSB v. United States, 46 Fed. Cl. 312, 322 (Fed. Cl. 2000), clarified in part by 46 Fed. Cl. 827 (Fed. Cl. 2000) (declining to follow In re Subpoena to the extent that it supports an automatic bar on assertions of deliberative process privilege in any case where the government’s intent is potentially relevant; instead, privilege might be overcome after a showing of evidentiary need to outweigh the harm that may result from disclosure).

C. WAIVER OF THE PRIVILEGE

Exemption 5 of FOIA applies to “inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency.” 5 U.S.C. § 552(b)(5) (West 2016). An agency may be required to disclose a document otherwise entitled to protection under the deliberative process privilege if the agency has chosen “expressly to adopt or incorporate by reference [a] ... memorandum previously covered by Exemption 5 in what would otherwise be a final opinion.” NLRB v. Sears, Roebuck & Co., 421 U.S. 132, 161 (1975); accord New York Times Co. v. Dep’t of Justice, 756 F.3d 100, 115-17 (2d Cir. 2014) (Department of Justice’s analysis of legality of extra-territorial killings of U.S. citizens in public statements and published White Paper waived privilege as to legal analysis portions of classified Office of Legal Counsel – Department of Defense memorandum); Nat’l Council of La Raza v. Dep’t of Justice, 411 F.3d 350 (2d Cir. 2005) (Department of Justice’s repeated references to internal legal memorandum, as exclusive statement and justification for its new civil immigration enforcement policy, incorporated the memo into what would otherwise be a final opinion to which deliberative process privilege no longer applied).

An agency may waive the protection of the deliberative process privilege through voluntary, authorized release of material to a non-governmental recipient. City of Va. Beach v. U.S. Dep’t of Commerce, 995 F.2d 1247, 1253 (4th Cir. 1993); Fla. House of Representatives v. U.S. Dep’t of Commerce, 961 F.2d 941, 946 (11th Cir. 1992); Coastal States Gas Corp. v. Dep’t of Energy, 617 F.2d 854, 866 (D.C. Cir. 1980) (exemption may be lost when material is formally or informally adopted as the agency’s position or used by the agency in its dealings with the public); North Dakota ex rel. Olson v. Andrus, 581 F.2d 177, 180-82 (8th Cir. 1978) (finding waiver of Exemption 5 by voluntary release to counsel in unrelated litigation); Shell Oil Co. v. IRS, 772 F. Supp. 202, 209-11 (D. Del. 1991) (holding that waiver of deliberative process privilege does not depend on receipt of a physical copy of the disclosed information – a public reading or viewing of the document is sufficient; finding waiver where I.R.S. employee read from draft notice of proposed rulemaking at a public meeting of government and industry officials). But see Elec. Privacy Info. Ctr. v. Dep’t of Justice, 584 F. Supp. 2d 65, 74-79 (D.D.C. 2008) (Acting-Attorney General’s congressional testimony that undisclosed DOJ Office of Legal Counsel opinions served as a basis for declining to certify a domestic spying program did not waive the deliberative process privilege). In Menasha Corp. v. U.S. Department of Justice, 707 F.3d 846, 850 (7th Cir. 2013), the court held that the government did not waive the privilege when two government agencies with adverse interests in the litigation exchanged work product in preparation for negotiations with a third party; for purposes of the litigation, the government agencies were one single party; Appleton Papers, Inc. v. E.P.A., 702 F.3d 1018, 1025 (7th Cir. 2012) (EPA did not waive work product immunity by using portions of some contamination reports in consent decree).
Courts have also held that abuses of the discovery process are grounds for finding waiver. See, e.g., Dominguez v. Schwarzenegger, No. 09-2306, 2010 WL 3341038, at *6 (N.D. Cal. Aug. 25, 2010) (finding deliberative process waived when government failed to substantiate claims on privilege log). But see Viet. Veterans of Am. v. CIA, No. 09-cv-0037 CW (JSC), 2012 WL 1535738, at *1-2 (N.D. Cal. May 1, 2012) (holding that Department of Veterans Affairs did not waive privilege after lengthy delay in producing privilege log because log included recently discovered documents).

There is authority that the doctrine of subject matter waiver does not apply to documents protected by the deliberative process privilege and “[t]hus, the Government’s release of a document waives the privilege only for the document specifically released, not for related materials.” Ford Motor Co. v. United States, 94 Fed. Cl. 211, 223-24 (Fed. Cl. 2010) (citing In re Sealed Case, 121 F.3d 729, 741 (D.C. Cir. 1997)); see also New York Times Co., 756 F.3d at 117 (waiver of privilege over legal analysis sections in classified memoranda did not also waive privilege as it applied to other sections).

D. PROCESS OF INVOKING THE PRIVILEGE

As a general matter, the invocation of the privilege requires: (1) a formal claim of privilege by the head of the department possessing control over the requested information; (2) an assertion of the privilege based on actual personal consideration by that official; and (3) a detailed specification of the information for which the privilege is claimed, along with an explanation why it properly falls within the scope of the privilege. See Landry v. FDIC, 204 F.3d 1125, 1135 (D.C. Cir. 2000); Northrop Corp. v. McDonnell Douglas Corp., 751 F.2d 395, 405 n.11 (D.C. Cir. 1984) (assertion of the deliberative process privilege requires a formal claim of privilege by the head of the department with control over the information; that formal claim must include a description of the documents involved, a statement by the department head that she has reviewed the documents involved, and an assessment of the consequences of disclosure of the information); see also Earthworks v. Dep’t of Interior, 279 F.R.D. 189, 192-93 (D.D.C. 2012) (government failed to invoke privilege where there was no indication that department head reviewed documents he claimed as privileged).

1. Delegation Of Authority To Assert The Privilege

Some courts have not allowed the delegation of authority to lower-level officials and have held that the deliberative process privilege can be invoked only by the head of an agency after personal consideration. See e.g., United States v. O’Neill, 619 F.2d 222, 225 (3d Cir. 1980). However, most courts have not required so high a level of authorization. See, e.g., Marriott Int’l Resorts, L.P. v. United States, 122 F. App’x 490, 491 (Fed. Cir. 2005) (noting split of authority); Landry v. FDIC, 204 F.3d 1125, 1135 (D.C. Cir. 2000) (affidavit from the head of a regional division sufficient to invoke the deliberative process privilege); Branch v. Phillips Petroleum Co., 638 F.2d 873, 882-83 (5th Cir. 1981) (same); Kerr v. U.S. Dist. Court for the N. Dist. of Cal., 511 F.2d 192, 198 (9th Cir. 1975) (although the privilege is generally available, it was not available on the facts of the case because it was not invoked by any official of the agency); Perez v. Amer. Future Systs., Inc., Civ. No. 12-6171, 2013 WL 5728674, at *3 (E.D. Pa. Oct. 21, 2013) (allowing Principal Deputy Administrator to assert privilege upon Order of Secretary of Labor delegating authority); Proctor & Gamble Co. v. United States, No.
1:08-cv-608, 2009 WL 5219726, at *9 (S.D. Ohio Dec. 31, 2009) (noting that “the requirement that the agency head or his or her independent, high-level subordinates are the only persons authorized to assert the privilege is not simply an empty formality,” but refusing to find waiver where IRS trial counsel initially asserted the privilege because it would “reward form over substance”); Gen. Elec. Co. v. Johnson, No. 00-2855 (JDB), 2007 WL 433095, at *7 (D.D.C. Feb. 5, 2007) (allowing invocation of privilege when lower level employees combed all documents during privilege review and head of department sampled forty-eight documents of more than 800 to ensure that privilege was properly asserted); Grossman v. Schwarz, 125 F.R.D. 376, 381 (S.D.N.Y. 1989) (governmental privilege may be invoked by an agency official other than the head of a department).

In Landry, the D.C. Circuit explained that it would be counterproductive to read “head of the department” in the narrowest possible way. 204 F.3d at 1135. The procedural requirements are designed to ensure that the privileges are presented in “a deliberate, considered, and reasonably specific manner.” Id. This requirement calls for “actual personal consideration” by the asserting official. Id. Insistence upon an affidavit from the very head of the agency could erode this actual personal involvement and lead to an increased number of privilege claims made only after perfunctory review of subordinates’ decisions. Id. at 1136. On the other hand, the gains from imposing demands upon personal consideration must also be balanced against the losses that would result from imposing super-stringent procedures. Id. Applying this standard, the Landry court permitted the regional director of the FDIC’s division, rather than the head of the FDIC, to assert the deliberative process and law enforcement privileges. Id.

See also:

Tuite v. Henry, 98 F.3d 1411, 1417 (D.C. Cir. 1996). Counsel for the Justice Department’s Office of Professional Responsibility, rather than the Attorney General, was permitted to invoke the law enforcement investigatory privilege, the formal requirements of which are virtually identical to those of the deliberative process privilege.

Cobell v. Norton, 213 F.R.D. 1, 8 (D.D.C. 2003). It is unnecessary for the Secretary of the Interior herself to file an affidavit in order to assert the deliberative process privilege; it is sufficient for the head of the bureau or office within the Interior Department that possesses control over the requested information to file the necessary affidavit.

Koehler v. United States, No. Civ. A. 90-2384(RCL), 1991 WL 277542, at *5 (D.D.C. Dec. 9, 1991). Court permitted the commanding general of the U.S. Army Criminal Investigation Command, rather than the Secretary of the Army, to invoke the criminal investigation privilege, the requirements of which are similar to those of the deliberative process privilege.

Over the years, courts interpreting the relevant statutory provisions have developed a host of procedural rules governing the assertion of the privileges under FOIA. This subchapter concentrates upon the burden of proof, in camera review, and the “Vaughn index” requirements.

2. Burden Of Proof

In response to a FOIA request, an agency must make a good faith effort to conduct a search for the requested records using methods reasonably expected to produce the requested
information. Campbell v. U.S. Dep’t of Justice, 164 F.3d 20, 27-28 (D.C. Cir. 1998) (FOIA requires a reasonable search tailored to the nature of the request). At all times, the burden is on the agency to establish the adequacy of its search. Patterson v. IRS, 56 F.3d 832, 840 (7th Cir. 1995); Steinberg v. U.S. Dep’t of Justice, 23 F.3d 548, 551 (D.C. Cir. 1994) (quoting Weisberg v. U.S. Dep’t of Justice, 745 F.2d 1476, 1485 (D.C. Cir. 1984)). In discharging this burden, the agency may rely on affidavits or declarations that provide reasonable detail of the scope of the search. Morely v. CIA, 508 F.3d 1108, 1116 (D.C. Cir. 2007); Bennett v. Drug Enforcement Admin., 55 F. Supp. 2d 36, 39 (D.D.C. 1999) (citing Perry v. Block, 684 F.2d 121, 127 (D.C. Cir. 1982)). Blanket assertions are insufficient. Morely, 508 F.3d at 1116 (holding that reliance on government affidavits of reasonable search “is only appropriate when the agency’s supporting affidavits” are “relatively detailed, “non-conclusory,” and “submitted in good faith”) (internal quotations and citations omitted); Greenpeace v. Nat’l Marine Fisheries Serv., 198 F.R.D. 540, 543 (W.D. Wash. 2000) (the agency must provide precise and certain reasons for preserving the confidentiality of designated material); Exxon Corp. v. Dep’t of Energy, 91 F.R.D. 26, 43-44 (N.D. Tex. 1981) (rejecting Department of Energy’s blanket refusal to produce construction evidence on grounds of deliberative process privilege).

In a FOIA action, a court may award summary judgment to the agency on the basis of affidavits when the affidavits describe “the documents and the justifications for nondisclosure with reasonably specific detail, demonstrate that the information withheld logically falls within the claimed exemption, and are not controverted by either contrary evidence in the record nor by evidence of agency bad faith.” Military Audit Project v. Casey, 656 F.2d 724, 738 (D.C. Cir. 1981); see also Vaughn v. Rosen, 484 F.2d 820, 826 (D.C. Cir. 1973). In the absence of countervailing evidence or apparent inconsistency of proof, affidavits will suffice to demonstrate compliance with the obligations imposed by FOIA. Bennett, 55 F. Supp. 2d at 39.

Such affidavits, however, are not sufficient where the party seeking disclosure presents adequate evidence that the agency did not conduct an adequate search or conducted an unreasonable search. Miccosukee Tribe of Indians of Fla. v. United States, 516 F.3d 1235, 1251-55 (11th Cir. 2008) (holding the government did not meet its burden of proof that it conducted a reasonable search because (a) deposition testimony contradicted the agency’s assertion that a specific employee coordinated a search for documents, and (b) it unilaterally excluded publicly available documents). Likewise, where the agency has failed to produce responsive documents and the agency has not presented sufficient detail regarding its search, the court may deny an agency’s motion for summary judgment and order an in camera review. Hiken v. U.S. Dep’t of Def., 521 F. Supp. 2d 1047, 1054-55 (N.D. Cal. 2007) (ordering in camera review because of an agency’s failure to uncover responsive documents, failure to specify search terms used in an electronic search, and failure to provide assurances that all relevant files were searched). The question focuses on the agency’s search, however, not on whether additional documents exist that might satisfy the request. Steinberg, 23 F.3d at 551 (quoting Weisberg, 745 F.2d at 1485).

3. Affidavits And “Vaughn Index”

Ordinarily, the agency may justify its claims of exemption through detailed affidavits, which are entitled to a presumption of good faith. Rimmer v. Holder, 700 F.3d 246, 255
Evidence of bad faith on the part of the agency can overcome this presumption, even when the bad faith concerns the underlying activities that generated the FOIA request rather than the agency’s conduct in the FOIA action itself. Id. at 242-43. Unless evidence contradicts the government’s affidavits or establishes bad faith, the court’s primary role is to review the adequacy of the affidavits and other evidence. Silets v. U.S. Dep’t of Justice, 945 F.2d 227, 231 (7th Cir. 1991); Cox v. U.S. Dep’t of Justice, 576 F.2d 1302, 1312 (8th Cir. 1978). This posture creates a situation in which a plaintiff must argue that the agency’s withholdings exceed the scope of the statute, although only the agency is in a position to know whether it has complied with the FOIA unless the court reviews a potentially massive number of documents in camera. Jones, 41 F.3d at 242.

One means developed to address this problem is the use of a “Vaughn index,” a routine device through which the agency describes the documents responsive to a FOIA request and indicates the reasons for redactions or withholdings in sufficient detail to allow a court to make an independent assessment of the claims for exemptions from disclosure under the Act. New York Times Co. v. U.S. Dep’t of Justice, 758 F.3d 436, 438 (2d Cir. 2014) (“[T]he preparation of a Vaughn index is now an accepted method for the Government to identify responsive documents and discharge its obligation to assert any claimed FOIA exemptions to the various documents withheld.”); Jones, 41 F.3d at 241-42; Vaughn v. Rosen, 484 F.2d 820, 828 (D.C. Cir. 1973). The term “Vaughn index” arose out of the District of Columbia Circuit decision in Vaughn v. Rosen. Although Vaughn indices and affidavits are not necessarily required by all courts, a judge, depending on the circumstances, might order the production of either the affidavit or the index in a particular case. Fiduciaa v. U.S. Dep’t of Justice, 185 F.3d 1035, 1042 (9th Cir. 1999) (holding that a Vaughn index is not necessarily required); but see Natural Res. Def. Council, Inc. v. Nuclear Regulatory Comm’n, 216 F.3d 1180, 1190 (D.C. Cir. 2000) (judicial rule mandates an agency to provide a plaintiff with a Vaughn index, but the rule governs only litigation in court and not proceedings before the agency).

Likewise, when an agency denies a request for information under any FOIA exemption, it bears the burden of justifying its refusal with a sufficiently detailed description of the materials and reasons for the denial. Johnson v. Exec. Office for U.S. Attorneys, 310 F.3d 771, 774 (D.C. Cir. 2002) (applying Exemption 7); Fiduciaa, 185 F.3d at 1042 (applying Exemptions 5 and 7); Ethyl Corp. v. EPA, 25 F.3d 1241, 1244 (4th Cir. 1994) (applying Exemption 5). An agency may meet its burden of demonstrating that the requested documents are protected by the deliberative process privilege by providing the requester with a Vaughn index, which must adequately describe each withheld document, state which exemption the agency claims for each withheld document, and explain the exemption’s relevance. Johnson, 310 F.3d at 774; see also Rein v. U.S. Patent & Trademark Office, 553 F.3d 353, 370 (4th Cir. 2009) (“When examining the adequacy of a Vaughn index entry, the focal point is whether it contains an adequate factual basis to support the claimed exemption . . . to be adequate, each entry must provide enough facts for the district court to determine that the document was ‘predecisional’ and ‘deliberative.’”); Citizen Comm’n on Human Rights v. FDA, 45 F.3d 1325, 1326 n.1 (9th Cir. 1995) (determining that a Vaughn index must identify each document withheld, state the statutory exemption claimed, and explain how disclosure would damage the interests protected by the claimed exemption); Church of Scientology Int’l v. U.S. Dep’t of Justice, 30 F.3d 224, 236-37 (1st Cir. 1994) (finding that the Vaughn index and declarations
submitted by the government did not sufficiently describe the withheld documents or sufficiently justify withholding, as opposed to redaction); Ethyl Corp., 25 F.3d at 1244 n.1 (noting that a Vaughn index must describe each document withheld with sufficiently detailed information to enable a district court to rule whether it falls within an exemption provided by FOIA and holding that information provided in EPA’s Vaughn list describing the documents as “personal” without any additional identification except the note that they consisted of calendars, telephone logs, and personal notes from telephone conversations and meetings was not sufficient to permit determination as to whether the withheld documents were protected under the deliberative process privilege); Nat’l Sec. Counselors v. C.I.A., 960 F. Supp. 2d 101, 188 (D.D.C. 2013) (to sustain its burden, “an agency must provide in its declaration and Vaughn index precisely tailored explanations for each withheld record at issue”).

The majority of courts hold that if the government’s Vaughn index and/or other declarations fairly describe the content of the material withheld and adequately state the grounds for nondisclosure, the district court should grant summary judgment upholding the government’s position. See, e.g., In re Wade, 969 F.2d 241, 246 (7th Cir. 1992) (holding that, without evidence of bad faith, the veracity of the government’s submissions regarding reasons for withholding the documents should not be questioned); Lewis v. IRS, 823 F.2d 375, 378 (9th Cir. 1987) (“If the affidavits contain reasonably detailed descriptions of the documents and allege facts sufficient to establish an exemption, the district court need look no further”) (internal quotations and citations omitted); Cox, 576 F.2d at 1312. Some courts, however, remain unpersuaded, and, in situations where the governmental record exists, they require that district courts do more to assure themselves of “the factual basis and bona fides of the agency’s claim of exemption than rely solely upon an affidavit.” See, e.g., Stephenson v. IRS, 629 F.2d 1140, 1146 n.16 (5th Cir. 1980) (noting the danger inherent in reliance upon agency affidavit in an investigative context outside national security).

4. **In Camera Review**

When a challenge is made to an agency’s decision to withhold information, the burden of proof rests on the agency to sustain its decision, and the reviewing court is directed to “determine the matter de novo.” 5 U.S.C. § 552(a)(4)(B) (West 2016); Becker v. IRS, 34 F.3d 398, 403 (7th Cir. 1994); see also Appleton Papers, Inc. v. EPA, 702 F.3d 1018, 1023 (7th Cir. 2012) (“The government bears the burden of proof because the statute is construed in favor of disclosure.”). To ensure the breadth of disclosure, the Act authorizes courts to examine documents in camera when reviewing the propriety of an agency’s withholdings. 5 U.S.C. § 552(a)(4)(B) (West 2016). In camera review is a discretionary measure taken after consideration of: (1) judicial economy; (2) actual agency bad faith, either in the FOIA action or in the underlying activities that generated the records requested; (3) strong public interest; and (4) whether the parties request in camera review. Rimmer v. Holder, 700 F.3d 246, 255 (6th Cir. 2012) (“If bad faith on the part of the agency is shown . . . a district court may conduct an in camera review of any documents withheld or redacted.”); Mo. Coal. for the Env’t Found. v. U.S. Army Corps of Eng’rs, 542 F.3d 1204, 1210 (8th Cir. 2008) (“in camera inspection should be limited as it is contrary to the traditional judicial role of deciding issues in an adversarial context upon evidence openly produced in court”) (internal citations and quotations omitted); Rugiero v. U.S. Dep’t of Justice, 257 F.3d 534, 543 (6th Cir. 2001) (encouraging sparing use of in camera review, when no other procedure allows review of the agency’s
response to a FOIA request); O’Keefe v. Dep’t of Def., 463 F. Supp. 2d 317, 329 (E.D.N.Y. 2006) (“In camera review is considered the exception, not the rule.”).

E. EXTENSIONS OF THE DELIBERATIVE PROCESS PRIVILEGE

Section 551(1) of the Administrative Procedure Act (“APA”), of which FOIA is a subsection, defines “agency” as “each authority of the Government of the United States.” 5 U.S.C. § 551(1) (West 2016). Section 552(f) of FOIA incorporates the definition of “agency” contained in section 551(1) of the APA by reference. See 5 U.S.C. § 552(f)(1). However, some courts have extended the deliberative process privilege to encompass other areas, going beyond the precise ambit of the statutory deliberative process privilege. The most notable examples encompass local legislators, state agencies, mental processes of decision-makers and bank examinations.

1. Local Legislators

Some courts have extended the deliberative process privilege to protect the decision-making processes of local legislators, reasoning that, in terms of the alleged need for secrecy surrounding deliberations, there is no principled distinction between local legislators and those government officials who currently enjoy the deliberative process privilege. See United States v. Irvin, 127 F.R.D. 169, 172-73 (C.D. Cal. 1989) (recognizing deliberative process could apply to state legislators, but finding that public interest in disclosure outweighed privilege); see also In re Grand Jury, 821 F.2d 946, 958-59 (3d Cir. 1987) (stating in dictum that the deliberative process privilege for executive officials “provides a useful analogy for a confidentiality-based privilege for state legislators because executive agencies, like state legislators, engage in a wide variety of activities, including factual investigations for quasi-legislative rulemaking”); Comm. for a Fair & Balanced Map v. Ill. State Bd. of Elections, No. 11 C 5065, 2011 WL 4837508, at *7 (N.D. Ill. Oct. 12, 2011) (listing factors for a court to consider in determining whether and to what extent a state lawmaker may invoke legislative privilege). However, other courts have disagreed. See, e.g., Corporacion Insular de Seguros v. Garcia, 709 F. Supp. 288, 298 (D.P.R. 1989) (declining to apply the deliberative process privilege to state legislators and directing the disclosure of documents because the legislature is the “part of the governmental branch that historically has been subjected to the greatest degree of public accountability”). Some courts have applied an absolute evidentiary privilege for state legislators, while others have conducted a balancing of interests. Hobart v. City of Stafford, 784 F. Supp. 2d 732, 764 (S.D. Tex. 2011) (collecting cases).

2. State Agencies

Under FOIA, the majority of federal courts hold that the deliberative process privilege does not apply to state agencies. See, e.g., Grand Cent. P’ship, Inc. v. Cuomo, 166 F.3d 473, 484 (2d Cir. 1999) (holding that Exemption 5 of FOIA applies to federal agencies only); Philip Morris, Inc., v. Harshbarger, 122 F.3d 58, 83 (1st Cir. 1997) (“FOIA . . . applies only to federal executive branch agencies”); Day v. Shalala, 23 F.3d 1052, 1064 (6th Cir. 1994) (holding that the Administrative Procedures Act pertains only to federal agencies); St. Michael’s Convalescent Hosp. v. California, 643 F.2d 1369, 1373 (9th Cir. 1981) (definition of “agency” under FOIA “does not encompass state agencies or bodies”); Johnson v. Wells, 566 F.2d 1016,
Some lower federal courts, however, have found that the deliberative process privilege could be invoked by a state agency. See, e.g., Tumas v. Bd. of Educ., No. 06 C 1943, 2007 WL 2228695, at *5 (N.D. Ill. July 31, 2007) (holding that the deliberative process privilege applied to a township’s Board of Education, despite the Illinois Supreme Court’s refusal to recognize the privilege under Illinois state law, because federal common law, not state law, governs questions of privilege in a federal question case); Bobkoski v. Bd. of Educ. of Cary Consol. Sch. Dist. 26, 141 F.R.D. 88, 92 (N.D. Ill. 1992) (court applied the federal common law privilege to protect school board meeting notes relating to employment issues from discovery); N.O. v. Callahan, 110 F.R.D. 637, 640-41 (D. Mass. 1986).

Note, however, that where state privilege law applies, courts may refuse to extend the deliberative process privilege to state agencies. Compare Kyle v. La. Pub. Serv. Comm’n, 878 So.2d 650, 656 (La. Ct. App. 2004) (permitting the Louisiana Public Service Commission to claim the deliberative process privilege to protect the Commission’s email exchanges), with People ex rel. Birkett v. City of Chi., 705 N.E.2d 48, 54 (Ill. 1998) (refusing to recognize a deliberative process privilege under Illinois law because adoption of a new privilege should be left to the legislature), and Sands v. Whitnall Sch. Dist., 754 N.W.2d 439, 456-58 (Wis. 2008) (rejecting deliberative process privilege claim because no such privilege “has ever been recognized by the Wisconsin courts”).

3. Decisional And Mental Processes

Apart from the deliberative process privilege itself, some federal courts have recognized that other considerations, equally implicating the public interest, may justify a government agency in withholding information sought by discovery or subpoena. Although not necessarily falling within the precise ambit of the deliberative process privilege, such protection may also apply, inter alia, to claims that the information sought would disclose “mental processes of those engaged in investigative or decisional functions . . . .” Drukker Commc’ns, Inc. v. NLRB, 700 F.2d 727, 731 (D.C. Cir. 1983); see also Hoeft v. MVL Grp., Inc., 343 F.3d 57, 67 (2d Cir. 2003), overruled on other grounds by Hall St. Assocs., L.L.C., v. Mattel, Inc., 552 U.S. 576 (2008) (stating that it is “wholly improper” to permit parties to cross-examine members of a state administrative board regarding the thought processes underlying their decisions); Carl Zeiss Stiftung v. V.E.B. Carl Zeiss, Jena, 40 F.R.D. 318, 325 (D.D.C. 1966) (noting that “the immunity of intra-governmental opinions and deliberations . . . rests upon another policy of equal vitality and scope” – i.e., the protection of the mental processes of executive or administrative officials).

This related privilege, which involves uncommunicated motivations for a policy or decision, has been applied in both the adjudicative and legislative context. For example, in United States v. Morgan, 313 U.S. 409, 421-22 (1941), the Supreme Court admonished that the Secretary of Agriculture should never have been forced to testify about the process by which he reached his conclusions about the proper rates to be charged by market agencies for their services at stockyards. “[I]t was not the function of the court to probe the mental processes of the Secretary.” Id. Similarly, in City of Las Vegas v. Foley, 747 F.2d 1294, 1297
The mental processes privilege, like the deliberative process privilege, is qualified—i.e., it may be overcome. See Citizens to Preserve Overton Park, Inc. v. Volpe, 401 U.S. 402, 420 (1971) (stating that inquiry into mental processes is usually to be avoided but recognizing that inquiry can be made under certain circumstances), abrogated on other grounds by Califano v. Sanders, 430 U.S. 99, 105 (1977); Vill. of Arlington Heights v. Metro. Hous. Dev. Corp., 429 U.S. 252, 268 (1977) (stating that, in certain circumstances, members of a decision-making body can be called to testify regarding the purpose behind decision or policy); Drukker, 700 F.2d. at 731-34 (same). The factors listed above as to whether the deliberative process privilege should be overcome may be used as guidance in determining whether the mental process privilege should be defeated.

However, the level of intrusiveness entailed when a person’s mental processes are probed may be greater than when objective indicia of deliberation (e.g., communications) are disclosed. Thus, the two privileges may be subject to different outcomes depending on the circumstances. This is borne out by the Supreme Court’s cautionary language in Overton Park and Arlington Heights. In Overton Park, the Supreme Court cautioned not only that “inquiry into the mental processes of administrative decision-makers is usually to be avoided” but also that, where there are administrative findings available, “there must be a strong showing of bad faith or improper behavior before such inquiry may be made.” 401 U.S. at 420. In Arlington Heights, the Supreme Court indicated that, even in a case in which a plaintiff had to prove invidious purpose or intent, as in a racial discrimination case, only “[i]n some extraordinary instances might members of the decision-making body be called to the stand at trial to testify concerning the purpose of the official action.” 429 U.S. at 268; see also Foley, 747 F.2d at 1298 (noting same).

4. Bank Examinations

Although the Supreme Court has not explicitly recognized a bank examination privilege, many courts have inferred that the bank examiner’s privilege falls within the ambit of the deliberative process privilege. See e.g., In re Bankers Trust Co., 61 F.3d 465, 471 (6th Cir. 1995); In re Subpoena Served upon Comptroller of Currency, 967 F.2d 630, 633-34 (D.C. Cir. 1992) (the bank examination privilege extends to predecisional and deliberative process and is analogous to the deliberative process privilege); United Western Bank v. Office of Thrift Supervision, 853 F.Supp.2d 12, 16 (D.D.C. 2012), on reconsideration in part (Apr. 4, 2012) (noting privilege is essential to effective bank supervision); Wultz v. Bank of China, Ltd., No. 11 Civ. 1266(SAS), 2013 WL 1453258, at *3-*4, *11 (S.D.N.Y. Apr. 9, 2013) (applying bank examination privilege and holding plaintiffs showed good cause to override the privilege with regard to the non-factual portions of the Office of the Comptroller of the Currency’s communications); Raffa v. Wachovia Corp., No. 8:02-CV-1443-T-27EAJ, 2003 WL 21517778, at *2 (M.D. Fla. May 15, 2003) (holding that privilege attached to a copy of the examination document produced by the United States Office of the Comptroller of the
Currency and received by plaintiff from the defendant’s auditor); In re Bank One Sec. Litig., 209 F.R.D. 418, 426 (N.D. Ill. 2002) (the bank examination privilege protects the banking industry by promoting and protecting the integrity of candid relations between banks and government regulatory agencies). The bank examination privilege belongs to the regulatory agency and not to the banks the agency regulates. Bank of China v. St. Paul Mercury Ins. Co., No. 03 Civ. 9797, 2004 WL 2624673, at *4 (S.D.N.Y. Nov. 18, 2004). Moreover, the bank examination privilege protects only agency opinions and recommendations and can therefore be asserted only by a regulatory agency. In re Bankers Trust, 61 F.3d at 471. Any materials pertaining to purely factual matters fall outside the scope of the privilege and, if proven to be relevant, must be produced. Id. The subpoenaed documents must be produced when the agency fails to establish such privilege. Id.

The bank examination privilege is qualified, shielding from discovery only agency opinions or recommendations; it does not protect purely factual material. In re Subpoena, 967 F.2d at 634 (citations omitted). The bank examination privilege may be overridden upon a showing of “good cause.” See In re Bank One Sec. Litig., 209 F.R.D. at 427. Courts have applied the five-factor test to assess the competing interests of the privilege versus that of the disclosure: (1) the relevance of the evidence sought to be protected; (2) the availability of other evidence; (3) the seriousness of the litigation and the issues involved; (4) the role of the government in the litigation; and (5) the possibility of future timidity by government employees who will be forced to recognize that their secrets are voidable. Id.

VII. PRESERVING THE ATTORNEY-CLIENT PRIVILEGE AND THE CONFIDENTIALITY OF WORK PRODUCT DURING DEPOSITION PREPARATION AND TESTIMONY

Although the practitioner needs to be aware of the principles of the attorney-client privilege and work product doctrine throughout the course of litigation, it is never more important than in preparing for and defending depositions. During the course of a deposition, usually with only a few seconds notice, an attorney must decide whether to instruct a witness not to answer a question on the grounds of privilege and articulate the basis for the privilege. Just as important, an attorney must have prepared the witness with privilege issues in mind – both to avoid waiver and to ensure that the witness is prepared to lay the proper foundation for an asserted privilege.

A. INSTRUCTIONS NOT TO ANSWER

As a general matter, during a deposition it is improper to instruct a witness not to answer a question unless the answer would reveal privileged information. This rule is set out currently in Federal Rule of Civil Procedure 30(c)(2) (it was moved to Rule 30(d)(1) between 1993 and 2007):

An objection must be stated concisely in a nonargumentative and nonsuggestive manner. A person may instruct a deponent not to answer only when necessary to preserve a privilege, to enforce a limitation ordered by the court, or to present a motion under Rule 30(d)(3).
An instruction not to answer a question on grounds of privilege should be accompanied by sufficient information to ensure that the court will be able to determine whether the asserted privilege is well-founded. See Fed. R. Civ. P. 26(b)(5). Although it is probably not necessary to specify the type of protection asserted (i.e., attorney-client privilege or work product doctrine), the better practice is to identify one or both of the protections to ensure that the protection is not waived on review by the trial court. Compare Delco Wire & Cable, Inc. v. Weinberger, 109 F.R.D. 680, 691 (E.D. Pa. 1986) (failure to specify work product doctrine during deposition does not waive the protection absent equitable reasons requiring waiver), with Gerrits v. Brannen Banks of Fla., Inc., 138 F.R.D. 574, 576 n.2 (D. Colo. 1991) (failure to identify work product doctrine in response to motion to compel waives the protection).

Although it is common practice in many jurisdictions to require the party taking the deposition to move to compel deposition answers, some courts require the objecting party, immediately following the deposition, to move the court for a protective order regarding the matters to which the attorney has objected and about which she has instructed the witness not to testify. See, e.g., Redwood v. Dobson, 476 F.3d 462, 468 (7th Cir. 2007) (counsel violated the federal rules when he instructed the witness not to answer but never presented a subsequent motion for a protective order); Indus. Risk Insurers v. D.C. Taylor Co., No. C06-0171, 2008 WL 936881, at *2 (N.D. Iowa Apr. 7, 2008) (“Generally, the party who instructs the witness not to answer should immediately seek a protective order.”); Geico Cas. Co. v. Beauford, No. 005-CV-697-24EAJ, 2006 WL 2789013, at *4 (M.D. Fla. Sept. 26, 2006) (same); Tuerkes-Beckers, Inc. v. New Castle Assoc., 158 F.R.D. 573, 575 (D. Del. 1993) (if answering a question would require the witness to disclose privileged information, then “counsel shall immediately call the Court to request a time to present [a] motion” under Rule 30(d)); Hisaw v. Unisys Corp., 134 F.R.D. 151, 152 (W.D. La. 1991) (“[I]t is the duty of the attorney instructing the witness not to answer to immediately seek a protective order.”); Am. Hangar, Inc. v. Basic Line, Inc., 105 F.R.D. 173, 175 (D. Mass. 1985) (same); Int’l Union of Elec., Radio & Mach. Workers v. Westinghouse Elec. Corp., 91 F.R.D. 277, 280 n.4 (D.D.C. 1981) (“The objecting attorney should normally also seek a protective order under Rule 30(d).”).

An attorney should be careful to avoid instructing a witness not to answer questions that call for background information that is itself not privileged. For example, a witness may identify the individuals who participated in an allegedly privileged conversation, where and when the conversation took place, and the general context of the conversation without revealing the substance of the communication. See, e.g., Wellin v. Wellin, No. 2:13-cv-1831-DCN, 2016 WL 7626536, at *9 (D.S.C. Mar. 8, 2016) (witness properly refused to answer questions during a deposition where testimony relied solely on facts about the attorney’s investigation learned from the attorney); Nycom U.S. Inc. v. Glenmark Generics Ltd., No. 08-CV-5023 (CBA)(RLM), 2009 WL 3334365, at *3 (E.D.N.Y. Oct. 14, 2009) (noting that deposition testimony that defendant’s IP department developed strategies to avoid patent infringement in conjunction with counsel did not reveal the principal substance of the attorney-client communications); New Jersey v. Sprint Corp., 258 F.R.D. 421, 428 (D. Kan. 2009) (holding that deposition testimony disclosing the fact that legal advice was received did not waive attorney-client privilege because only the general subject nature of the defendants’ communications with counsel, rather than the substance of those communications, was revealed); Pucket v. Hot Springs Sch. Dist. No. 2-2, 239 F.R.D. 572, 582 (D.S.D. 2006) (finding that a deposition question concerning when the attorney-client relationship had been
established did not require disclosure of privileged communications); Potts v. Allis-Chalmers Corp., 118 F.R.D. 597, 604 (N.D. Ind. 1987) (fact that attorney advised client on a particular occasion is not privileged). This is the type of information that would be included on a privilege log and is the sort of information that the court needs to determine whether an objection is well-founded. However, an attorney may instruct his client not to answer questions that relate to the witness’s preparation for the deposition, such as “were you instructed not to speculate in this deposition by anyone” or “were you instructed not to provide any information unless you knew it for a fact?” See Christy v. Pa. Tpk. Comm’n, 160 F.R.D. 51, 54 (E.D. Pa. 1995).

With respect to attorney-client conversations or written communications, a witness should provide the general contextual information about the communication. With respect to work product, a witness should identify information regarding the foundation for the doctrine, that is, the person who prepared the work product, and, if not an attorney, the attorney who authorized the creation of the work product. It is also well-settled that a witness must testify about the facts contained in work product, even if the document itself is protected from discovery by the work product doctrine. See Underlying Facts By Themselves Are Not Protected, § III.B.2.a, supra. However, a witness should be instructed not to answer questions that would elicit his attorney’s mental impressions, conclusions, opinions, or legal theories about the litigation.

See:


Oklahoma v. Tyson Foods, Inc., No. 05-CV-329-GRF-PJC, 2009 WL 3682757, at *10 (N.D. Okla. Nov. 4, 2009). The mental processes of the attorney are protected by the work product doctrine, but the work product doctrine does not protect underlying facts, “even if those facts are attained due to the efforts of the attorney.”

Smith v. Gen. Mills, Inc., No. C2 04 705, 2009 WL 2525462, at *4 (S.D. Ohio Aug. 13, 2009). Defendants were obligated to name a corporate representative for a Rule 30(b)(6) deposition in which plaintiffs sought only to discover the factual bases supporting cross-claim allegations and not the mental impressions of defendants’ counsel, although defendants’ counsel may have provided the facts to defendants or to the corporate representative.

Taylor v. Shaw, No. 2:04-cv-01668-LDG-LRL, 2007 WL 710186, at *3 (D. Nev. Mar. 7, 2007). Plaintiffs sought a protective order to prevent Rule 30(b)(6) depositions that plaintiffs claimed “would effectively result in the deposition of plaintiffs’ attorneys” because noticed topics included the basis for plaintiffs’ contentions. Court denied the motion on the grounds that the facts underlying privileged communications and work product are not protected; “work product privilege is not implicated unless the inquiring party asks the organizational deponent questions which improperly tend to elicit the mental impressions of the parties’ attorneys.”

Barrett Indus. Trucks, Inc. v. Old Republic Ins. Co., 129 F.R.D. 515, 518 (N.D. Ill. 1990). The work product doctrine does not protect discovery of the underlying facts of a particular dispute, even if the deponent’s answer to a question is based upon information provided by counsel.
Hydramar, Inc. v. Gen. Dynamics Corp., 119 F.R.D. 367, 372 (E.D. Pa. 1988). The work product doctrine “does in a very limited way operate to circumscribe the scope of depositions upon oral examination.” A deponent may not be asked questions that would reveal his attorney’s mental impressions, conclusions, opinions, or legal theories concerning the litigation. However, application of the work product doctrine to oral depositions must be limited, otherwise litigants would use the doctrine unfairly to restrict “the open discovery process envisioned by the Federal Rules of Civil Procedure.” Therefore, the work product doctrine furnishes no shield against the discovery of the facts that the adverse party’s attorney has learned, the persons from whom he has learned such facts, or the existence or non-existence of documents.

See also Prot. Nat’l Ins. Co. v. Commonwealth Ins. Co., 137 F.R.D. 267, 279-80 (D. Neb. 1989) (finding nothing improper about asking a deponent for facts that were communicated to the deponent by the deponent’s counsel so long as there is no danger of indirect disclosure of an attorney’s mental impressions or theories of the case); Nutmeg Ins. Co. v. Atwell, Vogel & Sterling, 120 F.R.D. 504, 509 (W.D. La. 1988) (same).

B. SPECIAL CIRCUMSTANCES – RULE 30(b)(6) DEPOSITIONS AND DEPOSITIONS OF COUNSEL

Depositions taken pursuant to Federal Rule of Civil Procedure 30(b)(6) present unique problems regarding privilege issues. Rule 30(b)(6) provides in pertinent part:

In its notice or subpoena, a party may name as the deponent a public or private corporation, a partnership, an association, a governmental agency, or other entity and must describe with reasonable particularity the matters for examination. The named organization must then designate one or more officers, directors, or managing agents, or designate other persons who consent to testify on its behalf; and it may set out the matters on which each person designated will testify. . . . The persons designated must testify about information known or reasonably available to the organization.

The Advisory Committee’s Notes regarding the 1970 Amendment to Rule 30 indicate that the purpose of Rule 30(b)(6), among other things, is to “curb the ‘bandying’ by which officers or managing agents of a corporation are deposed in turn but each disclaims knowledge of facts that are clearly known to persons in the organization and thereby to it.”

Rule 30(b)(6) witnesses are expected to be adequately prepared regarding the topics identified in the notice for deposition and the subjects that the entity should reasonably know, to the extent information on such matters is reasonably available. See, e.g., State Farm Mut. Ins. Co. v. New Horizon, Inc., 250 F.R.D. 203, 216 (E.D. Pa. 2008) (ordering monetary sanctions for corporate party’s failure to adequately prepare the witness); see also 8A CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 2103 (3d ed. West 2019).

Generally, courts do not consider a Rule 30(b)(6) witness’s testimony to be a judicial admission that absolutely binds the corporate party. See AstenJohnson, Inc. v. Columbia Cas. Co., 562 F.3d 213, 229 n.9 (3d Cir. 2009) (noting that a Rule 30(b)(6) representative’s interpretation of a contract did not contain factual admissions or discuss the defendant’s intentions and was therefore a legal conclusion; the deponent’s testimony was not binding on the corporate defendant, which was allowed to produce contrary evidence at trial); A.I. Credit
Corp. v. Legion Ins. Co., 265, F.3d 630, 637 (7th Cir. 2001) (stating that a corporate party is not absolutely bound to the Rule 30(b)(6) witness’s recollection); R&B Appliance Parts, Inc. v. Amana Co., 258 F.3d 783, 786 (8th Cir. 2001) (noting that a corporate party is no more bound by its Rule 30(b)(6) witness’s deposition testimony “than any witness is by his or her prior deposition testimony”); Dow Corning Corp. v. Weather Shield Mfg., Inc., No. 09-10429, 2011 WL 4506167, at *5 (E.D. Mich. Sept. 29, 2011) (“Although the testimony of a Rule 30(b)(6) designee may be binding on the corporation, testimony furnished by a Rule 30(b)(6) witness does not preclude the introduction of other evidence that relates to the designee’s testimony, inconsistent or not.”); State Farm, 250 F.R.D. at 212 (noting the “better rule,” that the testimony of a Rule 30(b)(6) representative is not a judicial admission that absolutely binds the corporate party, and rejecting defendants’ motion for summary judgment argument that plaintiff had no facts to support its claims after plaintiff’s Rule 30(b)(6) witness testified that he had no knowledge of facts “[o]ther than [those facts learned through] discussion with counsel” by pointing to the thousands of documents supporting plaintiff’s allegations that plaintiff cited in response to defendants’ interrogatories); Jerold S. Solovy & Robert L. Byman, Baying at the Rule, 31 NAT’L L.J. 24 (2008). But see Rainey v. Am. Forest & Paper Ass’n, 26 F. Supp. 2d 82, 94 (D.D.C. 1998) (holding that “a corporation cannot later proffer new or different allegations that could have been made at the time of the 30(b)(6) deposition” unless it can prove the information was not known or accessible at that time); United States v. Taylor, 166 F.R.D. 356, 362 (M.D.N.C. 1996) (“[I]f a party states it has no knowledge or position as to a set of alleged facts or area of inquiry at a Rule 30(b)(6) deposition, it cannot argue for a contrary position at trial without introducing evidence explaining the reasons for the change.”); Ierardi v. Lorillard, Inc., Civ. A. No. 90-7049, 1991 WL 158911, at *3 (E.D. Pa. Aug. 13, 1991) (“If the designee testifies that [the corporation] does not know the answer . . . [it] will not be allowed to effectively change its answer by introducing evidence during trial.”).

Courts may impose sanctions under Federal Rule of Civil Procedure 37 for a corporate party’s failure to adequately prepare a Rule 30(b)(6) witness. See Banco Del Atlantico, S.A. v. Woods Indus., Inc., 519 F.3d 350, 354 (7th Cir. 2008) (affirming the district court’s order granting defendants’ motion to dismiss after plaintiff’s Rule 30(b)(6) witnesses failed to respond to defendants’ questions, except with presumably scripted “talking points”); In re Neurontin Antitrust Litig., No. 02-1390, 2011 WL 2357793, at *6, 9 (D.N.J. June 9, 2011) (upholding magistrate judge’s imposition of sanctions and finding that defendant’s Rule 30(b)(6) witness lacked the basic knowledge necessary to provide testimony); State Farm, 250 F.R.D. at 219 (ordering monetary sanctions); Kyoei Fire & Marine Ins. Co. v. M/V Mar. Antalya, 248 F.R.D. 126, 152 (S.D.N.Y. 2007) (preventing defendant from offering evidence on subjects for which its Rule 30(b)(6) deponent claimed to have no knowledge); see generally Jerold S. Solovy & Robert L. Byman, Baying at the Rule, 31 NAT’L L.J. 24 (2008).

Several courts have held that Rule 30(b)(6) witnesses are required to testify regarding facts that they learned from conversations with counsel and from the review of work product, even if the witness has no first-hand knowledge regarding the information. Otherwise, the only alternative would be to depose a party’s attorney to learn the basis of the party’s allegations or defenses. However, courts attempt to protect legitimately privileged information by prohibiting questions the answers to which would elicit the mental impressions of counsel.
In response to a Rule 30(b)(6) notice, a corporation must make a good faith effort to designate representatives having knowledge of the matters listed in the notice and to prepare those representatives so that they can answer fully, completely, and not evasively. “The rules require that the corporation select an officer or employee to gather and obtain from books, records, other offices or employees, or other sources, the information necessary to answer . . . on behalf of the corporation.” This may require that a designated deponent testify regarding facts that the witness has learned from counsel or from his/her review of work product. However, particular care must be taken to protect against the indirect disclosure of opinion work product. This would include counsel’s view as to the significance, or lack thereof, of particular facts, or any other matter that reveals counsel’s mental impressions concerning the case.

“Smith v. Gen. Mills, Inc.” No. C2 04-705, 2009 WL 2525462, at *3-4 (S.D. Ohio Aug. 13, 2009). Although Rule 30(b)(6) deposition was for the purpose of discovering factual bases for claims, rather than legal opinions, court cautioned against asking questions intended to elicit counsel’s advice or views as to the significance of particular facts or any other matter revealing counsel’s mental impressions.

“Kelley v. Microsoft.” No. C 07-475, 2009 WL 168258, at *2-3 (W.D. Wash. Jan. 23, 2009). Accounting consultant designated by defendant as Rule 30(b)(6) witness fell outside of both the attorney-client privilege and the work product protection. Defendant’s designation of accountant as Rule 30(b)(6) witness to interpret data that a lay person would not be able to analyze was akin to the designation of the accountant as an expert witness.

“State Farm Mut. Ins. Co. v. New Horizont, Inc.” 250 F.R.D. 203, 215 (E.D. Pa. 2008). Facts supporting State Farm’s allegations that were communicated to State Farm’s Rule 30(b)(6) deponent by counsel were discoverable.

“Lockheed Martin Corp. v. L-3 Commc’ns Corp.” No. 6:05-cv-1580-Orl-31KRS, 2007 U.S. Dist. LEXIS 52658, at *11-13 (M.D. Fla. July 22, 2007). Counterclaim defendant LMC objected to certain of the Rule 30(b)(6) deposition topics noticed to it by Defendant Mediatech because, among other reasons, LMC representatives did not have access to some “attorney’s eyes only information” produced by defendant L-3. LMC was ordered to produce representatives prepared to testify regarding the facts called for by the deposition notices, “even though those facts may have been provided by counsel.” But the court also warned Mediatech to “avoid asking questions that are intended to elicit LMC’s counsel’s advice, view of the significance of particular facts, or mental impressions regarding the case.” The court did not require that LMC’s attorneys educate the witness with the attorney’s-eyes-only information, ordering that information could be provided in sworn supplemental responses to defendants’ contention interrogatories.

“Taylor v. Shaw.” No. 2:04-cv-01668-LDG-LRL, 2007 WL 710186, at *1-3 (D. Nev. Mar. 7, 2007). Plaintiff was obligated to produce a witness or witnesses who were “thoroughly educated about the noticed deposition topics with respect to any and all facts known to [plaintiff] or [its] counsel,” although counsel argued that because plaintiff was a trust, there was no one who could properly represent the party. The court noted that it “fully expect[ed]” that the deposing party had “no intention of exploring any matters protected by plaintiffs’ work product privilege.”

“Sec. Ins. Co. of Hartford v. Trustmark Ins. Co.” 218 F.R.D. 29, 33-34 (D. Conn. 2003). A witness designated pursuant to Rule 30(b)(6) has an obligation to be prepared as a spokesperson for the organization he represents. The witness must be prepared to recite the facts upon which the organization has relied to support the allegations of its answer and counterclaim, even if those facts have been provided by corporate counsel. However, the witness should not be asked questions which are intended to elicit counsel’s advice, counsel’s view as to the significance or lack thereof of particular facts, or any other matter that reveals counsel’s mental impressions concerning the case.
But see: 

In re Linerboard Antitrust Litig., 237 F.R.D. 373, 380, 384-85 (E.D. Pa. 2006). A party could not circumvent the attorney-client privilege or work product protection that applied to an attorney’s internal investigation by noticing a Rule 30(b)(6) deposition for a witness to testify about facts discovered in the course of the investigation. Although facts are discoverable, and “facts ‘discovered’ by corporate counsel during an internal investigation are inherently a part of the corporation’s knowledge,” “the process by which a corporation ‘accumulates’ its knowledge—namely, an internal investigation—affords certain protections that can preclude the disclosure of confidential communications and documents created by and recollection of counsel as part of that investigation effort.” Where a party did not show that the information was unavailable elsewhere or crucial to their case, it would be protected as core work product.

See also: 

Adidas Am., Inc. v. TRB Acquisitions LLC, 324 F.R.D. 389, 399-402 (D. Or. 2017). Where a party uses privileged materials to prepare a corporate representative for a Rule 30(b)(6) deposition, there is a rebuttable presumption that privileges that would otherwise apply to the materials are waived.

Where the threat to attorney-client privilege or work product is too great, however, courts may require that other methods of discovery be used before, or in place of, depositions.

See: 

Fid. Mgmt. & Research Co. v. Actuate Corp., 275 F.R.D. 63, 64-65 (D. Mass. 2011). Where it was difficult to draw the line between discoverable facts and questions sought to elicit facts protected by the work product doctrine, the court determined that the Rule 30(b)(6) witness would be further questioned by means of a deposition upon written questions.

SEC v. Rosenfeld, No. 97 Civ. 1467 (RPP), 1997 WL 576021, at *3-4 (S.D.N.Y. Sept. 16, 1997). A Rule 30(b)(6) deposition “would undoubtedly place an undue burden on the SEC and the court, which would have to make a multitude of otherwise unnecessary decisions about issues of attorney work product and law enforcement privilege, whereas no prejudice to defendant … has been shown if he is required to conduct discovery by” first using interrogatories and document requests, “and then taking the necessary oral discovery from the witnesses with knowledge of the facts alleged in the complaint.”

At least one court has held that where a corporate party objects to an entire category of requested testimony, the proper procedure is to seek a protective order prior to the deposition rather than instructing the witness not to answer at the deposition. See Nutmeg Ins. Co. v. Atwell, Vogel & Sterling, 120 F.R.D. 504, 508 (W.D. La. 1988) (holding that because the corporate party could have sought a protective order or moved to quash the Rule 30(b)(6) deposition but did not, its representative had the duty to answer).

A second type of deposition presents unique difficulties for the practitioner: defending the deposition of a party’s counsel. See Bertrand C. Seller and Andrew W. Gefell, The Opposing Lawyer as Deposition Witness, 231 N.Y.L.J. 18 (2005); Michael C. Silberg, On Opposing Counsel Depositions, 224 N.Y.L.J. 5 (2000); See Steven W. Simmons, Note, Deposing Opposing Counsel Under the Federal Rules: Time for a Unified Approach, 38 WAYNE L. REV. 1959 (1992). Several courts have commented that there appears to be a trend in favor of deposing opposing counsel. These courts have almost universally condemned the trend as injecting unnecessary animosity into litigation, increasing the risk that an attorney
will become a witness at trial and therefore be disqualified as counsel, and potentially chilling attorney-client communication. As a result, the courts increasingly are requiring that the parties use contention interrogatories instead of deposing counsel. See Dunkin' Donuts Inc. v. Mary’s Donuts, Inc., 206 F.R.D. 518, 521 (S.D. Fla. 2002).

In N.F.A. Corp. v. Riverview Narrow Fabrics, Inc., 117 F.R.D. 83 (M.D.N.C. 1987), the court imposed substantial restrictions on the ability of one party to depose opposing counsel. The court in N.F.A. Corp. barred defendant from deposing plaintiff’s patent counsel. Defendant apparently noticed the deposition in retaliation for plaintiff’s deposition of defendant’s attorney, upon whose advice defendant relied. Id. at 84. The court began by explaining that, although protective orders totally prohibiting a deposition rarely should be granted absent extraordinary circumstances, a request to depose a party’s attorney constitutes a circumstance justifying departure from the normal rule. Id. The court stated that “experience teaches that countenancing unbridled depositions of attorneys constitutes an invitation to delay, disruption of the case, harassment, and perhaps disqualification of the attorney.” Id. at 85.

In response to the potential evil of free access to opposing counsel, the court held that “the mere request to depose a party’s attorney constitutes good cause for obtaining a [Rule 26(c) protective order] unless the party seeking the deposition can show both the propriety and need for the deposition.” Id. (citations omitted). In seeking to depose a party’s attorney, the movant must demonstrate that the deposition “is the only practical means available” of obtaining the desired information. Id. at 86. The movant also must show that the information sought will not invade the attorney-client privilege or the attorney’s work product.

Many courts follow the test described by the Eighth Circuit in Shelton v. American Motors Corp., 805 F.2d 1323, 1327 (8th Cir. 1986), which requires the party seeking to depose opposing counsel on matters related to the litigation to show that (1) no other means exist to obtain the information, (2) the information sought is relevant and non-privileged, and (3) the information is crucial to the preparation of the case. See, e.g., Nationwide Mut. Ins. Co. v. Home Ins. Co., 278 F.3d 621, 629 (6th Cir. 2002) (upholding district court’s denial of motion to compel deposition of opposing counsel because movant had not explained why the information was crucial to the preparation of its case); Thiessen v. Gen. Elec. Capital Corp., 267 F.3d 1095, 1112 (10th Cir. 2001) (upholding district court’s refusal to allow deposition of party’s in-house counsel because the information sought was available through other means); Nguyen v. Excel Corp., 197 F.3d 200, 208-09 (5th Cir. 1999) (applying the Shelton factors but concluding that the district court did not abuse its discretion in authorizing depositions of defense counsel); Guantanamera Cigar Co. v. Corp. Habanos, S.A., No. 08-0721 (RCL), 2009 WL 2514082, at *6-7 (D.D.C. Aug. 18, 2009) (applying the Shelton factors and quashing subpoena for defense counsel’s deposition); Asbury v. Litton Loan Servicing, LP, No. 3:07-0500, 2009 WL 973095, at *3 & n.4 (S.D. W. Va. Apr. 9, 2009) (noting that “[a]lthough the Shelton criteria has not been specifically adopted by the Fourth Circuit, it has been applied by courts within this Circuit and by some other circuits” and denying defendant’s objections to the magistrate judge’s decision to quash subpoenas issued for the deposition of counsel); Fausto v. Credigy Serv. Corp., No. C 07-5658 JW (RS), 2008 WL 4793467, at *1 & n.2 (N.D. Cal. Nov. 3, 2008) (noting that there is no published Ninth Circuit decision adopting the Shelton test but that district courts within the Ninth Circuit have used it when analyzing whether to permit the deposition of counsel and finding that defendant’s arguments fail to
satisfy Shelton); Pastrana v. Local 9509, Commc’ns Workers of Am., No. 06cv1779 W(AJB), 2007 WL 2900477, at *5-6 (S.D. Cal. Sept. 28, 2007) (applying Shelton to hold that deposition of counsel could be taken because information was not available elsewhere); Newell v. Wis. Teamsters Joint Council No. 39, No. 05-C-552, 2007 WL 2874938, at *6-8 (E.D. Wis. Sept. 28, 2007) (adopting Shelton and noting that although the Seventh Circuit has not addressed the issue, numerous district courts within the Circuit have applied the Shelton test, and ruling the plaintiffs could not depose counsel for defendants); SEC v. Buntrock, No. 02 C 2180, 2004 WL 1470278, at *2-3 (N.D. Ill. June 29, 2004) (following Shelton and prohibiting deposition of SEC brought pursuant to Rule 30(b)(6), which effectively required investigating attorneys to submit for deposition); FTC v. U.S. Grant Res., LLC, No. Civ.A. 04-596, 2004 WL 1444951, at *9-11 (E.D. La. June 25, 2004) (same).

See also:

In re Dow Corning Corp., 261 F.3d 280, 284 (2d Cir. 2001). In denying mandamus and remanding for further proceedings, the Second Circuit found that the district court, which had ordered production of unredacted minutes of Dow’s board of directors, “may well have erred” when it directed Dow’s general counsel to submit to questioning about his communications with the board of directors.

In re Linerboard Antitrust Litig., 237 F.R.D. 373, 385 (E.D. Pa. 2006). Applying Shelton to find that there was no compelling need to allow plaintiffs to depose counsel indirectly through a Rule 30(b)(6) designee.

In a non-binding opinion that some courts have found persuasive, the Second Circuit agreed with the Shelton court that depositions of counsel were disfavored but rejected rigid application of the Shelton test. In re Subpoena Issued to Dennis Friedman, 350 F.3d 65 (2d Cir. 2003). The Court reasoned: “the standards set forth in Rule 26 require a flexible approach to lawyer depositions whereby the judicial officer supervising discovery takes into consideration all of the relevant facts and circumstances to determine whether the proposed deposition would entail an inappropriate burden or hardship.” Id. at 72. Factors to consider may include: “the need to depose the lawyer, the lawyer’s role in connection with the matter on which discovery is sought and in relation to the pending litigation, the risk of encountering privilege and work-product issues, and the extent of discovery already conducted.” Id.; see In re Application of Chevron Corp., 749 F. Supp. 2d 141, 162-69 (S.D.N.Y. 2010) (applying the Friedman factors and holding that counsel must sit for a deposition and could assert privilege on a question-by-question basis); Tailored Lighting, Inc. v. Osram Sylvania Prods., Inc., 255 F.R.D. 340, 346 (W.D.N.Y. 2009) (applying the Friedman factors to permit a narrowly-circumscribed deposition of in-house counsel); N.Y. Indep. Contractors Alliance, Inc. v. Highway, Rd. & St. Constr. Laborers Local Union 1010, No. 07-CV-1830 (ERK)(VVP), 2008 WL 5068870, at *6-7 (E.D.N.Y. Nov. 24, 2008) (applying the Friedman factors and concluding that a deposition of defendants’ counsel was not warranted); In re Tyco Int’l Ltd., No. 02-md-1335-PB, 2007 WL 2682763 (D.N.H. Sept. 7, 2007) (applying Friedman factors to permit deposition of trial counsel as to an internal investigation report he had filed with the SEC but forbidding questions about drafts of the report); Resqnet.com, Inc. v. Lansa, Inc., No. 01 Civ.3578(RWS), 2004 WL 1627170, at *6 (S.D.N.Y. July 21, 2004) (applying Friedman factors to quash deposition of counsel); see also Argo Sys. FZE v. Liberty Ins. PTE Ltd., No. Civ. A. 04-00321-CGB, 2005 WL 1355060, at *3-4 (S.D. Ala. Jun. 7, 2005) (comparing Friedman and Shelton standards and concluding that, under either standard, trial counsel could be deposed by written question,
where he had also been retained to investigate insurance claim and acted as adjuster, rather than as an attorney, in that process).

Where the attorney whose deposition is sought is not trial counsel for a party to the litigation, courts are less likely to restrict the deposition. See Premier Dealer Servs., Inc. v. Duhon, Civil Action Nos. 12-1498, 12-2790, 2013 WL 5720354, at *4 (E.D. La. Oct. 21, 2013) (Shelton did not prohibit deposition of in-house counsel who was not acting as litigation counsel and who would be deposed regarding matters in which in-house counsel acted more as a business advisor than in a legal capacity); Van Den Eng v. Coleman Co., Nos. 03-C-0504 & 03-C-1392, 2005 U.S. Dist. LEXIS 41748, at *5-6 (E.D. Wis. Sept. 23, 2005) (“Depositions of trial counsel implicate concerns such as disrupting the effective operation of the adversarial system and disqualification of counsel due to their testimony as witnesses that are not present when in-house counsel is deposed.”); U.S. Fid. & Guar. Co. v. Braspetro Oil Servs. Co., Nos. 97 Civ. 6124 (JGK)(THK) & 98 Civ. 3099 (JGK)(THK), 2000 WL 1253262, at *2 (S.D.N.Y. Sept. 1, 2000) (taking depositions of transactional lawyers “will not be disruptive of the litigation, or raise significant privilege issues, as would be more likely if they were they acting as trial counsel”). But see In re Air Crash at Belle Harbor, N.Y. on Nov. 12, 2001, 490 F.3d 99, 106-08 (2d Cir. 2007) (refusing to exercise appellate jurisdiction over a non-party lawyer’s appeal from the district court’s order compelling him to produce documents and appear for a deposition because proper course to protect privilege was to appeal from a citation for contempt, despite adverse consequences for an attorney).

In Pain Ctr. of SE Indiana, LLC v. Origin Healthcare Solutions, LLC, No. 13-cv-133-RLY-DKL, 2015 WL 3631692, at *1-3 (S.D. Ind. June 10, 2015), for example, plaintiffs moved to depose defendant’s former general counsel, Vandenberg, who had submitted a declaration stating that he did not provide business or financial advice to defendant’s personnel and staff. Despite defendant’s argument that the Shelton doctrine precluded the deposition, the court allowed the deposition to proceed. Critical to the court’s decision was the fact that there was a basis in the record to support plaintiffs’ assertion that Vandenberg had provided non-legal advice to defendant. While noting that there is a split among courts on the application of the Shelton doctrine, the court found the line of decisions rejecting the doctrine to be more persuasive, and held that plaintiffs could depose Vandenberg, and that defendant would need to invoke any privileges or immunities to specific questions. The court cautioned, however, that it would be vigilant in utilizing available sanctions if it became apparent that Vandenberg had so little relevant, non-privileged information that the deposition was a waste of time and resources. See also Armada (Singapore) Pte. Ltd. v. Amcol Int’l Corp., 160 F.3d 1069, 1070-71 (N.D. Ill. 2016) (compelling former general counsel to sit for deposition and assert privilege on a question-by-question basis).

See also:

Stevens v. Corelogic, Inc., No. 14CV1158 BAS (JLB), 2015 WL 8492501, at *1 (S.D. Cal. Dec. 10, 2015). Plaintiffs were permitted to depose defendant’s senior in-house counsel in his personal capacity where (1) no other means existed to obtain the information, (2) the information sought was relevant and nonprivileged, and (3) the information was crucial to the preparation of the case.

Coffeyville Res. Ref. & Mktg. v. Liberty Surplus Ins. Corp., No. 08-1204-WEB, 2009 WL 3007125, at *7 (D. Kan. Sept. 16, 2009). Insurer was entitled to depose insured’s general counsel when counsel was designated as insured’s Rule 30(b)(6) deposition witness and where counsel was a fact witness to the flood giving rise to insured’s claims and to insured’s submission of insurance requests.

Phillips v. Indianapolis Life Ins. Co., No. 1:06-CV-1544-WTL-JMS, 2009 WL 156484, at *3 (S.D. Ind. June 3, 2009). The court rejected the Shelton test, finding no support in the Federal Rules of Civil Procedure for Shelton’s heightened burden of proof. The court also found that “the Shelton rule [was] unnecessary given the rarity of attorney depositions in this District and given the Court’s ability to sanction counsel for proceeding with a frivolous deposition.” The court denied defendants’ motion to compel deposition testimony of plaintiffs’ counsel, however, after noting that interrogatories would be less expensive and less burdensome.

Kaiser v. Mut. Life Ins. Co., 161 F.R.D. 378, 381-82 (D. Ind. 1994). The concerns raised by depositions of opposing counsel do not justify a court “deviating from the framework provided in the rules for raising and resolving such concerns.” Because the court did not believe that depositions of counsel “are so rarely justified or so great a phenomenon as to warrant imposing a stricter standard for their allowance,” it held there was “no basis for adopting a general presumption that relevant information which a party seeks from his opponent’s counsel during a deposition is overwhelmingly likely to be privileged or immune from discovery.”

Kaiser v. Mut. Life Ins. Co., 161 F.R.D. 378, 381-82 (D. Ind. 1994). The court distinguished Shelton and permitted deposition of trial counsel where the focus of the deposition would be counsel’s non-legal responsibilities as a consultant in the transaction underlying the litigation and the government was not seeking to discover Boston Edison’s litigation strategy or counsel’s mental impressions of that strategy.

In contrast, the Sixth Circuit affirmed a trial court’s order blocking the deposition of in-house counsel. In Alomari v. Ohio Dep’t of Public Safety, 626 F. App’x 558, 569-70 (6th Cir. 2015), the plaintiff in an employment discrimination action against his former employer sought the deposition of defendant’s in-house counsel, who had met with plaintiff to discuss his employment history and also provided legal advice to defendant, including regarding how to respond to media inquiries. The trial court applied the Shelton doctrine to in-house counsel and blocked the deposition. Id. at 570. The Sixth Circuit affirmed, holding that the meeting between in-house counsel and plaintiff was privileged, because plaintiff was aware that he was being interviewed so that in-house counsel could provide legal advice to defendant, and that defendant’s communications with in-house counsel regarding how to respond to media inquiries were privileged. Id. at 570-73. The Sixth Circuit also affirmed the trial court’s application of the Shelton doctrine to in-house counsel, noting that although in-house counsel was not litigation counsel of record, in-house counsel had assisted with the investigation at a time when litigation was contemplated and had assisted with developing litigation strategy. Id. at 573-74.

Designating an attorney as a Rule 30(b)(6) witness is rife with danger. Although courts generally hold that the mere designation of an attorney pursuant to Rule 30(b)(6), without more, does not waive any privilege, the witness may waive privilege by straying into privileged areas. See, e.g., In re Pioneer Hi-Bred Int’l, Inc., 238 F.3d 1370, 1375 (Fed. Cir. 2001) (“Counsel is often a fact witness with respect to various events, and may testify on deposition
by the opposing party as to such matters without waiver.”); Motley v. Marathon Oil Co., 71 F.3d 1547, 1552 (10th Cir. 1995) (designating a lawyer as a Rule 30(b)(6) witness “is a wholly insufficient ground to hold that [the party] waived its attorney-client privilege”); Natural Res. Def. Council, Inc. v. Cnty. of Dickson, Tenn., No. 3:08-0229, 2010 WL 5300871, at *4 (M.D. Tenn. Dec. 20, 2010) (finding that although the attorney-client privilege and the work product doctrine may be waived in the proper case, there was no basis to conclude that these privileges were waived merely because the plaintiff designated one of its staff attorneys as a Rule 30(b)(6) deponent); Colonial Gas Co. v. Aetna Cas. & Surety Co., 139 F.R.D. 269, 273 (D. Mass. 1991) (refusing to find an automatic and general waiver by virtue of designating an attorney pursuant to Rule 30(b)(6)); see also L.S.S. Realty Corp. v. Vanchlor Catalysts, LLC., No. Civ.A. 04-197, 2005 WL 638056, at *2 (E.D. Pa. Mar. 16, 2005) (refusing to prohibit designation of corporate counsel as a Rule 30(b)(6) witness and declining to prohibit her from invoking privilege if warranted).

C. DEPOSITION PREPARATION

Preparing a witness for his or her deposition can be a particularly perilous time for attorney-client privileged communications and attorney work product. For example, protection may be waived if a corporate officer who serves as in-house counsel conducts the preparation without adequately separating her legal role from her business role; if counsel reveals legal strategy to a witness who may not be a privileged party, such as a former employee of the client; or if attorney work product or privileged communications are used to refresh the witness’s recollection. See generally Waiving The Attorney-Client Privilege, § I.G, and Waiver Of Work Product Protection, § III.E, supra. Waiver as to one small aspect of privileged communications may result in a broad opportunity for opposing counsel to inquire into privileged areas during a deposition. See generally The Extent Of Waiver, § I.G.5, supra.

Attorneys who represent clients during depositions must remember that any discussions with the client during the deposition that do not relate to the assertion of a privilege are not privileged. Under Federal Rule of Civil Procedure 30(c), depositions are to be conducted in the same manner as trial examination. As with trial testimony, off-the-record discussions between counsel and the deponent regarding matters other than privilege are not privileged and may be discovered by the opposing party. E.g., Ngai v. Old Navy, Civil Action No. 07-5653 (KSH)(PS), 2009 WL 2391282, at *4-5 (D.N.J. July 31, 2009) (holding that text messages sent between a deponent and her attorney during a video deposition were not protected by the attorney-client privilege, although text messages exchanged before the deposition began remained privileged).

In many cases it may be necessary to prepare an outside corporate attorney or in-house attorney to testify regarding their communications with the corporate client. As discussed above, communications with an attorney are privileged only if the attorney is acting in her official capacity as a lawyer. See Privilege Applies Only To Communications Made For The Purpose Of Securing Legal Advice, § I.D, supra. When an attorney has acted primarily as a businessperson, the communications are not privileged. Therefore, deposition preparation should include discussing the nature of the attorney’s work and whether she used her legal skills and training at relevant times. Otherwise, the deponent may be caught off guard and inadvertently fail to provide an otherwise available basis for privilege.
Preparing a client’s former employees to testify may also present potential pitfalls. In Peralta v. Cendant Corp., 190 F.R.D. 38, 40 (D. Conn. 1999) (emphasis in original), an employment discrimination case, the court rejected the “wholesale application of the Upjohn principles to former employees as if they were no different than current employees” because it was “not justified by the underlying reasoning of Upjohn.” Although the court noted that courts have applied the attorney-client privilege to communications with former employees (see generally Former Employees Of Organizational Clients, § I.B.1.b(3), supra), it distinguished certain communications from others. Any privileged information obtained by the witness during her employment remained privileged upon termination of employment, and counsel’s communications with the witness during deposition preparation were privileged if their purpose was to learn facts that the witness became aware of during her employment. Id. at 41. But to the extent that the deposition preparation went beyond the witness’s knowledge of events developed during her employment, those communications would not be protected by the attorney-client privilege. For example, if counsel informed the witness of facts developed during litigation, such as testimony of other witnesses, of which the former employee would not have had prior or independent knowledge, such communications would not be privileged. Id. at 41-42. The court also held, however, that the work product protection would cover conclusions or opinions that counsel communicated to the witness, because disclosure of work product to non-adverse third parties does not waive the protection. Id. at 42.

See also:

Hynix Semiconductor Inc. v. Rambus Inc., Nos. CV-00-20905 RMW, C-05-00334 RMW, C-06-00244 RMW, 2008 WL 397350, at *4 (N.D. Cal. Feb. 10, 2008). The court, applying In re Cendant Corp. Securities Litigation, 343 F.3d 658 (3d Cir. 2003), allowed cross-examination at trial regarding a former employee’s (and paid consultant’s) meeting with a jury consultant, but limited more specific questions under Federal Rule of Evidence 403.

Wade Williams Distrib. v. ABC, No. 00 Civ. 5002 (LMM), 2004 WL 1487702, at *1 (S.D.N.Y. June 30, 2004). The court permitted deposition questions about what corporate counsel told a former employee in preparing for his deposition: “The mere volunteered representation by corporate counsel of a former employee should not be allowed to shield information which there is no independent basis for including within the attorney-client privilege.”

City of New York v. Coastal Oil N.Y., Inc., No. 96 Civ. 8667 (RPP), 2000 WL 145748, at *2 (S.D.N.Y. Feb. 7, 2000). Attorney-client privilege does not apply to communications between in-house corporate counsel and a corporate subsidiary’s former employee during deposition preparation where in-house counsel was not conducting an investigation and the former employee did not regard in-house counsel as his attorneys. Because the Second Circuit had not ruled in the area, the court limited questioning to in-house counsel’s activities that aided the witness in preparing to be deposed and prohibited questioning into conversations that were not related to the witness’s upcoming testimony or testimony of other potential witnesses in the case.

In the context of a deposition, the principal hazard regarding work product is waiving work product protections by showing work product to a witness during deposition preparation or allowing the deponent to review work product during the deposition. As discussed in detail above, the work product protection may be waived by using protected documents for the purpose of refreshing the recollection of a witness. See Use Of Documents By Witnesses And Experts, § III.E.9, supra. However, the waiver may be limited solely to the portions of material that were actually used to refresh recollection. See, e.g., Mattel, Inc. v. MGA Entm’t, Inc., No.
A related risk involves the potential disclosure of notes taken by a party or client during one deposition that are intended to be used to prepare for another deposition. In Schwarz & Schwarz of Virginia, LLC v. Certain Underwriters at Lloyd’s, Civil Action No. 6:07cv042, 2009 WL 1913234, at *2 (W.D. Va. July 1, 2009), the court rejected the defendant insurers’ argument that, because the representative did not share the notes with counsel, they were not protected by the work product doctrine and stated that, because the notes were taken during the litigation process by a party representative, they were “plainly subject to work product protection.” The insurers had not shown substantial need for the representative’s notes, as they were able to depose the corporate party representative himself and actually did so.

It is important that the practitioner be aware of possible waiver before preparing a witness to testify. There may be cases in which the risk of waiver of some work product is outweighed by the benefit of refreshing the witness’s recollection. There are, however, certain precautions that can be employed to avoid waiver in most cases:

- Do not show a witness notebooks or other compilations of documents that have been assembled by counsel. Using only the specific non-work product documents contained in the compilations that are relevant to the witness’s testimony will serve the purpose of preparation, but will not waive the protection of the attorney’s organization and related thought processes.
- Use the non-work product underlying a compilation or analysis instead of the resulting work product whenever possible.
- Instruct the witness not to bring notes or other documents to the deposition, unless the documents are otherwise called for by a document request or court order.

VIII. INTERNAL INVESTIGATIONS

It is common for corporations to conduct internal investigations regarding matters that come to the attention of management. Investigations may involve seemingly mundane matters, such as rumors about employee inefficiency or petty wrongdoing, or obviously serious matters, such as alleged criminal misconduct. Corporations may delegate the task of conducting such
investigations to outside counsel, to in-house counsel, or to non-legal personnel. Often, the materials assembled and created during an investigation are sought by government subpoena or civil document request.

Whether communications and documents relating to an investigation will be discoverable will depend on the same issues that are discussed throughout this outline relating to the attorney-client privilege and work product doctrine. Essentially, the court will want to know: (1) whether the investigation was conducted primarily or solely for the purpose of rendering legal advice or, instead, was conducted largely for business reasons; (2) whether the investigation was conducted by counsel or by non-legal personnel; and (3) whether the investigation was conducted in anticipation of imminent litigation or, instead, as a routine matter in response to the ever-present concern about the possibility of litigation. The less routine and more “special” the internal investigation, the more likely it is that a court will protect materials relating to the investigation. For a general discussion of protecting privilege in internal investigations, see THE GENERAL COUNSEL’S GUIDE TO GOVERNMENT INVESTIGATIONS, DAVID M. GREENWALD, Ch. 15, “Maximizing The Protections Provided By The Attorney-Client Privilege And The Work Product Doctrine” (GICLI 2018). See also the GOVERNMENT INVESTIGATIONS REFERENCE MODEL (GICLI 2019), attached as Appendix B.

A. THE COURTS’ ANALYSIS OF ASSERTIONS OF PRIVILEGE OVER INVESTIGATIVE MATERIALS

Corporations may protect the products of internal investigations through both the attorney-client privilege and the work product doctrine. Each presents its own benefits and its own challenges. The attorney-client privilege provides the best protection, but it is also more difficult to establish. As discussed above, once established, the attorney-client privilege is almost absolute. Barring waiver or the crime-fraud exception, a communication deemed privileged is simply off-limits in discovery. However, establishing the privilege is difficult in the context of an internal investigation. There must be communications with counsel that are intended to secure or communicate legal advice and that are intended to be and remain privileged. As discussed below, each of these elements presents difficulties in internal investigations. In addition, it is far easier to waive the attorney-client privilege than work product protection.

The products of internal investigations are more often protected by the work product doctrine. The protection provided is far less absolute than the attorney-client privilege, but it is easier to establish that investigative materials are work product, and waiver is more difficult to prove. Ordinary work product, such as verbatim or near verbatim witness statements of company employees, is discoverable upon a showing of substantial need and undue hardship by an opposing party. As discussed below, many courts do not require very substantial need or very much hardship to allow a party to discover ordinary work product, particularly when the work product is primarily a recitation of facts. Opinion work product, as discussed above, enjoys far more protection, even “absolute” protection in some jurisdictions.

In order to maximize the chance that internal investigative materials will not be discovered in litigation, it is important that a company attempt to place the materials under both umbrellas.
B. THE ATTORNEY-CLIENT PRIVILEGE

Admiral Insurance Co. v. U.S. District Court for the District of Arizona, 881 F.2d 1486 (9th Cir. 1989), presents an example of a corporation successfully conducting an internal investigation and prevailing in its assertion of attorney-client privilege over interviews conducted with corporate employees. In anticipation of litigation regarding certain real estate investment transactions, Admiral hired outside counsel. Id. at 1488. Shortly thereafter, a securities fraud action was filed against it, and Admiral’s senior management directed outside counsel to interview the two Admiral officers with the most knowledge regarding the transactions. Id. at 1488-89. At the beginning of the interviews, which a stenographer transcribed, counsel advised the employees that Admiral had retained outside counsel to investigate the circumstances of the transactions for the purpose of rendering legal advice to their employer regarding its potential interests and liabilities; that counsel represented Admiral and not the employees personally; that Admiral would claim attorney-client privilege and work product protection with respect to the interviews; that the two officers were selected for interviews because they knew the most about the transactions at issue in the lawsuit; and that the employees should treat the interviews as confidential communications. Id. at 1489. Both employees resigned shortly after their interviews. Id.

When the plaintiffs noticed the two officers’ depositions, both officers stated that they would invoke the Fifth Amendment privilege against self-incrimination if they were deposed. Id. Plaintiffs subsequently served a subpoena duces tecum on Admiral for production of the officers’ statements, which Admiral moved to quash. Id. In response to the motion to quash, plaintiffs asserted that the documents were discoverable because plaintiffs were unable to obtain the information in the statements from any other source. Id. The district court denied Admiral’s motion and held that Admiral must produce the statements if the witnesses refused to testify at their depositions. Id.

A Ninth Circuit panel, however, granted the petition for a writ of mandamus to vacate the part of the district court’s order compelling production of one of the officer’s statements. Id. at 1495. Applying Upjohn, the court held that the communications between counsel and the corporate employees were privileged because: (1) counsel was retained in anticipation of litigation; (2) the officers were the management-level employees with the most knowledge about the transactions; (3) Admiral instructed the officers to give the statements; (4) the information that the officers provided related directly to the officers’ roles in the transactions and therefore was within the scope of their corporate duties; and (5) the officers knew that the purpose of the interviews was for counsel to provide Admiral with legal advice regarding the litigation. Id. at 1492-93. “These circumstances fall squarely within Upjohn.” Id. at 1493; see also Yurick v. Liberty Mut. Ins. Co., 201 F.R.D. 465, 468 (D. Ariz. 2001) (applying Admiral criteria); Costco Wholesale Corp. v. Super. Court, 219 P.3d 736, 766 (Cal. 2009) (holding that an opinion letter prepared by outside counsel that contained employee interview statements was privileged, in part, because counsel was acting in a legal capacity when she interviewed the employees); Shew v. Freedom of Info. Comm’n, 714 A.2d 664, 670-71 (Conn. 1998) (concluding that employee interviews conducted by outside counsel are privileged when attorney acts in legal capacity and not as mere investigator, employees are currently employed by entity, and the interviews relate to the requested legal advice and are made in confidence). The Admiral court directly rejected an “unavailability” exception to the attorney-client
privilege, which would apply when privileged materials are not available from any unprivileged source. 881 F.2d at 1494-95.

The Admiral case demonstrates the importance of having internal investigation interviews conducted by counsel. As discussed below, although the interviews may have qualified as work product, there is a good chance that the court would have found both substantial need and undue hardship based on the witnesses’ refusal to submit to discovery and would have compelled production of the interview transcripts.

In contrast to Admiral, Claude P. Bamberger International, Inc. v. Rohm & Haas Co., No. Civ. 96-1041(WGB), 1997 WL 33762249 (D.N.J. Dec. 29, 1997), is an example of an internal investigation where the attorney-client privilege was not established because it did not appear to the court that investigative materials had been created for the primary purpose of obtaining legal advice. Rohm & Haas attempted to withhold from production – on the grounds of attorney-client privilege and work product protection – a memorandum containing the results from an in-house investigation conducted by non-attorney Davis at the request of in-house counsel Stroebel. Id. at *1-2. Stroebel asserted to the court that he had reviewed and approved the memo before circulation and that the purpose of the memo was to assist the legal department in providing management with legal advice. Id. at *1. Rohm & Haas refused to produce the memo on the grounds of attorney-client privilege and the work product doctrine. Id. at *2.

The district court affirmed the magistrate judge’s earlier ruling that the memo fell outside the attorney-client privilege because it did not appear to have been created for the primary purpose of obtaining legal advice. Id. at *4. (The court also affirmed that the documents were not protected by the work product doctrine. Id. at *5.) The court stated in support of its position that a non-attorney conducted the investigation; that Davis sent the memo to a non-attorney and only copied in-house counsel on the document; and that the memo was “the end result of a business investigation into the justifications for a business decision, not a tool to be used by Stroebel or the legal department to help render legal advice.” Id. at *3. The court cited Hercules, Inc. v. Exxon Corp., 434 F. Supp. 136, 147 (D. Del. 1977), for the following principles:

If the primary purpose of a communication is to solicit or render advice on non-legal matters, the communication is not within the scope of the attorney-client privilege. Only if the attorney is “acting as a lawyer” giving advice with respect to the legal implications of a proposed course of conduct may the privilege be properly invoked. In addition, if a communication is made primarily for the purpose of soliciting legal advice, an incidental request for business advice does not vitiate the attorney-client privilege.

Claude P. Bamberger Int’l, 1997 WL 33762249, at *2. See also Wierciszewski v. Granite City Ill. Hosp. Co., LLC, No. 11-cv-120-GPM-SCW, 2011 WL 5374114, at *1-2 (S.D. Ill. Nov 7, 2011) (finding that carbon copying counsel was insufficient to sustain privilege over communications between employees because counsel was not directing the investigation and communications were merely making counsel aware of situation, not seeking legal advice); cf. In re Buspirone Antitrust Litig., 211 F.R.D. 249, 253 (S.D.N.Y. 2002) (“[T]he fact that a
request to counsel was sent simultaneously to non-legal personnel should not by itself dictate
the conclusion that the document was not prepared for the purpose of obtaining legal advice.”

Problems asserting attorney-client privilege may also arise in internal investigations if
a non-attorney interviewer fails to disclose to employees that the purpose of the investigation
is to assist company counsel to provide legal advice. See, e.g., Davine v. Golub Corp., No.
privilege or work-product protection to non-legal consultant’s report after consultant
interviewed employees without stating that information was being gathered in order to provide
legal advice to the general counsel).

The Claude P. Bamberger International case demonstrates the importance of:
(1) having counsel conduct investigations directly; (2) limiting the focus of the investigation
to providing legal advice; (3) limiting the distribution of investigative materials to those with
a need to know; and, (4) weaving impressions, opinions, and strategies into memoranda so that
it is clear that the purpose of the investigation is to obtain legal advice.

Unlike the work product protection, which most courts allow even if a substantial
portion of the document relates to business matters, the attorney-client privilege does not exist
unless the predominant intention of the party is to obtain legal advice or services. See
Diversified Indus., Inc. v. Meredith, 572 F.2d 596, 603 (8th Cir. 1977) (report prepared by
outside counsel based on interviews with corporate employees not protected by attorney-client
 privilege because counsel “was employed solely for the purpose of making an investigation of
facts and to make business recommendations with respect to the future conduct of Diversified”;
the work done by counsel could just as easily have been performed by non-lawyers);
2014 WL 223173 (E.D.N.Y. Jan. 21, 2014) (communications of outside counsel who
supervised and directed an internal investigation as an adjunct member of the human resources
team were not privileged where the predominant purpose was to provide human resources, or
business advice, not legal advice); In re Syncor ERISA Litig., 229 F.R.D. 636, 645 (C.D. Cal.
2005) (documents prepared during internal investigation were created with intent to disclose
government and thus were never privileged) (citations omitted); Navigant Consulting, Inc.
v. Wilkinson, 220 F.R.D. 467, 476 (N.D. Tex. 2004) (where attorney was retained primarily
as an investigator, communications were held to be made for a business, rather than legal,
purpose and were not privileged); Cataldo v. Nat’l Grid USA, No. 20065120, 2008 WL
under the direction of in-house counsel was not privileged because the substance of the report
was very similar to a parallel investigation report prepared by business personnel, members of
the two investigation teams overlapped, and the independence of the teams was questionable).
(communications between an investigation working group and counsel regarding how to
prevent a situation from happening again were nevertheless directly related to providing legal
advice to management and therefore within the scope of the attorney-client privilege); Picard
(investigation report commissioned by board of directors and conducted by disinterested
independent director and outside counsel in response to shareholder demand held privileged
despite mixture of legal and business considerations, because the report contained a legal

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For this reason, an engagement letter that expressly states that outside counsel performing the investigation are providing legal advice in connection with the representation may be key to preserving the privilege. See Sandra T.E. v. S. Berwyn Sch. Dist. 100, 600 F.3d 612, 619-20 (7th Cir. 2010) (reversing order to disclose privileged communications from an investigation into sexual abuse at a school district where the engagement letter between the school district and the law firm conducting the investigation stated that the firm was retained to provide legal services). Whether the predominant intention of the party is to obtain legal advice is a fact-intensive inquiry, and courts will demand a high level of detail from the party. In re Aqua Dots Prods. Liab. Litig., 270 F.R.D. 322, 327-28 (N.D. Ill. 2010).

See:

In re Kellogg Brown & Root, Inc., 756 F.3d 754, 757-60 (D.C. Cir. 2014). Court granted petition for writ of mandamus, holding broadly that internal investigations conducted for a significant legal purpose are privileged even where there are also significant business purposes for the investigation. The appellate court also held that (1) the investigation was conducted entirely by non-lawyers; (2) the report did not indicate that it was prepared for a legal purpose; (3) witnesses interviewed by the non-lawyers did not receive Upjohn warnings or expressly informed that the purpose of the interviews was for a legal purpose; and (4) the investigation would have been conducted whether or not company sought legal advice. On appeal, the D.C. Circuit held that (1) a lawyer’s status as in-house counsel does not “dilute” the privilege, provided counsel was acting in a legal capacity; (2) non-lawyers who conduct interviews at the direction of counsel act as agents of counsel and such interviews are “routinely protected by the attorney-client privilege”; (3) Upjohn does not require a company to use “magic words” in order to gain the benefit of the privilege for an internal investigation; and (4) obtaining legal advice need not be the “sole purpose” of the investigation as long as “a primary purpose” of the investigation is to obtain or provide legal advice.

In re General Motors LLC Ignition Switch Litig., 80 F.Supp.3d 521, 529-31 (S.D.N.Y. 2015). Internal investigation materials are protected where a primary purpose of the investigation is legal in nature; the primary purpose test does not require a showing that obtaining or providing legal advice is the sole purpose of an internal investigation or that the communications at issue “would not have been made ‘but for’ the fact that legal advice was sought.”

Wultz v. Bank of China Ltd., 304 F.R.D. 384, 392-93 (S.D.N.Y. 2015). Where a company’s internal investigation was conducted by non-lawyers, without the direction or supervision of an attorney, the investigation materials were not protected by the attorney-client privilege, even if that company’s intention was to send the materials to outside counsel at some future date.

Craig v. Rite Aid Corp., No. 4:08-CV-2317, 2012 WL 426275, at *6-8 (M.D. Pa. Feb. 9, 2012). Court rejected in-house counsel’s assertion that an entire internal review was legal in nature and assessed the
withheld documents on an individualized basis to determine whether in-house counsel made the communications for a legal purpose.

**Lewis v. Wells Fargo & Co.**, 266 F.R.D. 433, 441-43 (N.D. Cal. 2010). Interview notes and a questionnaire completed by employees to determine compliance with the Fair Labor Standards Act were not privileged. “The [company’s] fatal flaw [ ] was that it did not clarify to the employees completing the questionnaire that it needed the information to obtain legal advice.” The questionnaire indicated that it was being administered as part of a routine review, not to seek legal advice, and it did not contain a confidentiality warning.


**Marceau v. Int’l Bhd. of Elec. Workers Local 1269**, 246 F.R.D. 610 (D. Ariz. 2007). Internal investigation report conducted by outside counsel, detailing manipulation of sales performance calculations to favor union agents, was undertaken for a business, not legal, purpose and thus not covered by the attorney-client or work product privileges.

**Lawrence E. Jaffe Pension Plan v. Household Int’l, Inc.**, 244 F.R.D. 412, 426-28 (N.D. Ill. 2006). All communications and documents related to law firm’s internal investigation were privileged where corporation’s audit committee retained law firm to investigate the quantitative and qualitative aspects of restructuring policies and to provide legal advice as to whether corporation should take correction action.

**Amco Ins. Co. v. Madera Quality Nut LLC**, No. 1:04-cv-06456-SMS, 2006 WL 931437, at *8-9 (E.D. Cal. Apr. 11, 2006). Communications between company employees to in-house counsel and counsel’s agents were privileged communications as a part of an internal investigation, the dominant purpose of which was to obtain factual information in order to give legal advice.

**In re Subpoena Duces Tecum Served on Wilkie Farr & Gallagher**, No. M8-85 (JSM), 1997 WL 118369, at *2-3 (S.D.N.Y. Mar. 14, 1997). Law firm was compelled to produce audit committee documents generated in connection with internal investigation. Court concluded that attorney-client privilege was waived when the audit committee disclosed the results of the internal investigation to auditors Ernst & Young in an attempt to obtain an unqualified audit opinion. Court also ruled that “[t]he investigation was necessary to maintain the integrity of the financial reports of a publicly-held corporation and the documents were prepared primarily for business purposes. Where primary motivation for the creation of work-product is other than litigation, the work-product doctrine does not apply.”

**Costco Wholesale Corp. v. Super. Court**, 219 P.3d 736 (Cal. 2009). Where outside counsel conducted factual investigation and prepared opinion letter, the entire opinion letter was privileged. The California Supreme Court held that the discovery referee and trial court had erred by redacting counsel’s legal advice and directing that factual portions of the letter be produced.

**State ex rel. Toledo Blade Co. v. Toledo-Lucas Cnty. Port Auth.**, 905 N.E.2d 1221 (Ohio 2009). Ohio Supreme Court held that outside counsel’s investigation report was privileged because it was “related to the rendition of legal services.”

### 1. Only Communications Protected

Although the attorney-client privilege will protect a communication with counsel, it will not protect the facts communicated. “Facts gathered by counsel in the course of investigating a claim or preparing for trial are not privileged and must be divulged if requested in the course of proper discovery.” Andritz Sprout-Bauer, Inc. v. Beazer E., Inc., 174 F.R.D.
Opposing counsel is entitled to obtain through discovery the names of witnesses, facts underlying the cause of action, technical data, the results of studies, investigations and testing to be used at trial, and other factual information.” Id. (citation omitted). Including such facts in documents prepared by, or circulated to, counsel does not make the facts privileged. Id. The court in Andritz stated in dicta: “To the extent that purely factual material can be extracted from privileged documents without divulging privileged communications, such information is obtainable.” Id. at 633. See also Nelson v. NAV-RENO-GS, LLC, No. 3:12-CV-0165-LRH (VPC), 2013 WL 2475862, at *4 (D. Nev. June 7, 2013) (notes prepared by non-attorney human resources personnel that captured what employees stated in their interviews during an internal investigation were not protected by the attorney-client privilege); Pfizer Inc. v. Ranbaxy Labs. Ltd., No. 03-209-JJF, 2004 WL 2323135, at *1 (D. Del. Oct. 7, 2004); but note Lawrence E. Jaffe Pension Plan v. Household Int’l, Inc., 244 F.R.D. 412, 430 (N.D. Ill. 2006) (fact that defendants produced strictly factual documents from counsel engaged to perform internal investigation did not constitute waiver of privilege over all documents produced by counsel in connection with investigation); Costco Wholesale Corp. v. Super. Court, 219 P.3d 736, 743 (Cal. 2009) (attorney-client privilege protected entire opinion letter from outside counsel to corporate client even though the letter contained factual information that counsel learned during employee interviews it conducted during an internal investigation in order to provide legal advice).

As a result, although a witness may properly be instructed not to testify regarding what he told the company’s attorney, he will be required to testify about factual information that he knows. See, e.g., Upjohn v. United States, 449 U.S. 383, 395-96 (1981). However, where counsel conducts an internal investigation and prepares a report, the entire report may be deemed privileged unless the factual aspects of the report are easily segregated from counsel’s legal work and thinking. Sandra T.E. v. S. Berwyn Sch. Dist. 100, 600 F.3d 612, 620 (7th Cir. 2010) (when a law firm is hired to provide legal services, its internal investigation of the factual circumstances surrounding the allegations of illegal activity is protected by the attorney-client privilege); United States v. Rowe, 96 F.3d 1294, 1297 (9th Cir. 1996) (determining that communications were privileged between law firm partner and the two associates who engaged in fact-finding activities in internal investigation of another partner’s handling of client funds); SEC v. Brady, 238 F.R.D. 429, 439 (N.D. Tex. 2006) (where outside counsel’s report was “laced with underlying facts, legal opinions, and business advice,” and “was the result of many ... officer and director interviews” with counsel, report was protected attorney-client communication prior to waiver caused by disclosure). But see Abel v. Merrill Lynch & Co., No. 91 Civ. 6261 (RPP), 1993 WL 33348, at *3 (S.D.N.Y. Feb. 4, 1993) (in employment disparate impact case, demographic analysis prepared for in-house counsel not privileged, because the underlying facts to the analysis are not privileged and the corporation chose to destroy the underlying data; the communication with counsel was the only remaining form in which the factual data was available).

2. Privilege May Extend To Consultants

The attorney-client privilege may protect not only communications between the attorney and client, but also between the attorney and consultants hired by the attorney to enable the attorney to render legal advice. Olson v. Accessory Controls & Equip. Corp., 735 A.2d 881 (Conn. App. Ct. 1999). In Olson, Accessory Controls received an order from
the state requiring it to submit a report regarding how it intended to respond to a hazardous waste site. Accessory Controls hired outside counsel to provide it with legal advice regarding how to proceed with the order. Counsel in turn hired an environmental consulting company and its subcontractor to conduct an investigation and to provide Accessory Controls and counsel with information. Id. at 883. In counsel’s retention letter to the consulting company, counsel made it clear that all communications between the consultant and counsel or Accessory Controls were to be treated as confidential and for the sole purpose of enabling counsel to give Accessory Controls legal advice. Id. at 890-91. The court concluded that the attorney-client privilege was broad enough to cover the communications with the consultant under these circumstances. Id. at 889; see also Geller v. N. Shore Long Island Jewish Health Sys., No. CV 10-170(ADS)(ETB), 2011 WL 5507572, at *2-4 (E.D.N.Y. Nov. 9, 2011) (investigative documents prepared by non-attorney compliance officer were subject to attorney-client privilege from the date that outside counsel was retained); Davis v. City of Seattle, No. C06-1659Z, 2007 WL 4166154, at *4 (W.D. Wash. Nov. 20, 2007) (holding attorney-client privilege precluded outside counsel, who was hired by the City’s legal department to investigate employee misconduct, from disclosing communications she had with the City’s legal department before she issued her final investigation report, because the communications were solely for the purpose of allowing the legal department to formulate legal advice for the City); Carter v. Cornell Univ., 173 F.R.D. 92, 94 (S.D.N.Y. 1997) (associate dean of human resources who conducted interviews at “request of counsel and for the exclusive use of counsel in rendering legal representation” was attorney’s representative for privilege purposes); In re Hardwood P-G, Inc., 403 B.R. 445, 458-59 (Bankr. W.D. Tex. 2009) (holding that communications to third-party professionals hired by a bankruptcy trustee for the purpose of facilitating attorney-client communications were privileged because the Bankruptcy Code requires such professionals to be hired by the bankruptcy estate, not the estate’s attorney); First Fed. Savs. Bank v. United States, 55 Fed. Cl. 263, 268-69 (Fed. Cl. 2003) (privilege applied to unredacted board minutes when accounting firm investigated complicated accounting issues such that accounting firm’s role was related to rendering legal advice but did not apply to the unredacted board minutes accounting firm used for audits). But see Ward v. Equilon Enters., LLC, No. C 09-4565 RS, 2011 WL 2746645, at *1-3 (N.D. Cal. July 13, 2011) (finding attorney-client privilege did not exist between company and independent contractor who was legally required to be part of the root-cause analysis investigation team because communications with contractor were not necessary for company to obtain legal advice); Allied Irish Banks, PLC v. Bank of Am., 240 F.R.D. 96 (S.D.N.Y. 2007) (holding that where bank hired consultant to perform an investigation, and consultant in turn hired law firm, there was no privilege created between the law firm and bank because there was no evidence that the law firm actually provided legal advice to the bank, nor was there any evidence that the investigation was driven by the impending litigation).

The court in U.S. Postal Service v. Phelps Dodge Refining Corp., 852 F. Supp. 156 (E.D.N.Y. 1994), came out with exactly the opposite result from Olson in somewhat different circumstances. In Phelps, defendant Phelps hired outside environmental consultants to formulate a remediation plan and to oversee remedial work. Id. at 161. The court held that the consultants’ communications with Phelps’ in-house counsel were not privileged because the consultants had not been hired for the purpose of analyzing the client’s data and putting it in a form which would enable counsel to provide legal advice. Id. Instead, the consultants had undertaken their own “factual and scientific” study – “information that did not come through
client confidences.” Id. at 162. The court stated: “Such underlying factual data can never be protected by the attorney-client privilege and neither can the resulting opinions and recommendations. There are few, if any, conceivable circumstances where a scientist or engineer employed to gather data should be considered an agent within the scope of the privilege since the information collected will generally be factual, obtained from sources other than the client.” Id.; see also Merck Eprova AG v. Gnosis S.p.A., No. 07 Civ. 5898(RJS)(JCF), 2010 WL 3835149 (S.D.N.Y. Sept. 24, 2010) (finding the facts of the case close to those in Phelps and thus ordering disclosure of a draft “Generally Recognized as Safe” report that reflected input from an attorney); In re N.Y. Renu with Moistureloc Prod. Liab. Litig., No. 766,000/2007, MDL. 1785, C/A 2:06-MN-77777-DC, 2009 WL 2842745, at *2-3 (D.S.C. July 6, 2009) (holding that consultant report regarding firm’s compliance with FDA regulations was privileged “only to the extent that the findings in the report [were] derived from confidential communications made by corporate employees . . . factual findings based on a view of conditions, drawings, etc.” were not privileged); Int’l Bhd. of Elec. Workers Local 212 v. Am. Laundry Mach., Inc., No. 1:07-CV-324, 2009 WL 81114, at *2-3 (S.D. Ohio Jan. 9, 2009) (adopting Phelps and compelling disclosure of environmental advice and technical data); In re Grand Jury Matter, 147 F.R.D. 82, 85-86 (E.D. Pa. 1992) (holding that documents compiled by expert environmental consultant were not privileged because they constituted part of the expert’s environmental services and were not for purpose of assisting outside counsel with legal advice to the company).

The case law demonstrates the importance of setting forth in an engagement letter the foundation for asserting the attorney-client privilege: the work is intended to enable counsel to render legal advice, and the consultant should treat all communications as confidential. See also Sandra T.E. v. S. Berwyn Sch. Dist. 100, 600 F.3d 612, 619-20 (7th Cir. 2010) (giving weight to engagement letter stating that counsel was hired to provide legal services); Sullivan v. Warminster Twp., 274 F.R.D. 147, 152-53 (E.D. Pa. 2011) (same, but finding partial waiver); Regions Fin. Corp. v. United States, No. 2:06-CV-00895-RDP, 2008 WL 2139008, at *8 (N.D. Ala. May 8, 2008) (finding it significant that general counsel’s engagement letter with an accounting firm included a confidentiality agreement for all privileged communications and documents).

C. WORK PRODUCT DOCTRINE

The work product doctrine will generally apply with respect to an internal investigation that is undertaken in anticipation of litigation, whether it is conducted by counsel or by other agents of the corporation. See, e.g., Geller v. N. Shore Long Island Jewish Health Sys., No. CV 10-170(ADS)(ETB), 2011 WL 5507572, at *2-4 (E.D.N.Y. Nov. 9, 2011) (investigative documents prepared by non-attorney compliance officer were subject to work project protection because they were prepared at the direction of counsel in anticipation of litigation); Wagoner v. Pfizer, Inc., No. 07-1229-JTM, 2008 WL 821952, at *3-5 (D. Kan. Mar. 26, 2008) (holding notes and summaries prepared by a non-attorney at the direction of in-house counsel following an employment discrimination claim were protected); Jeffer v. Russell Cty. Bd. of Educ., No. 3:06cv685-CSC, 2007 WL 2903012, at *2 (M.D. Ala. Oct. 4, 2007) (“The mere fact that the documents were gathered and/or created by the Superintendent or the Assistant Superintendent does not strip the documents of the protection offered by the work product doctrine.”); Peterson v. Wallace Computer Servs., Inc., 984 F. Supp. 821, 824 (D. Vt. 1997)
To be considered work product, investigative documents must be prepared in anticipation of litigation and not as part of a routine investigation conducted in the ordinary course of business.

Compare:

_Gillespie v. Charter Commc’ns_, 133 F. Supp. 3d 1195, 1201 (E.D. Mo. 2015). Anonymous discrimination complaint filed in employer’s ethics program and related internal “Incident Investigation Report” were not protected as work product because they were created in the ordinary course of business as part of an ongoing compliance program. Further, even if work product, plaintiff had shown substantial need for the documents, because such documents might show history of similar discrimination or retaliation.

_Farr v. Paikowski_, No. 11-C-789, 2012 WL 3150291, at *2 (E.D. Wis. July 31, 2012). Internal investigation materials were not privileged where police department did not show that, absent threat of suit, it would not have investigated plaintiff’s charges alleging that police officers arrested her and held her without probable cause. The court stated that an investigation into employee misconduct is an “ordinary business decision.” Accordingly, defendant needed to show that the investigation would not have been conducted without the threat of litigation, which it failed to do.

_Galvin v. Pepe_, No. 09-cv-104-PB, 2010 WL 2720608, at *4 (D.N.H. July 8, 2010). Court refused to extend work product protection to documents contained in insurer’s claim file that were created during insurer’s investigation of insured’s car accident. Although noting that the documents might aid insurer in the event of litigation, they appeared to have been created during the ordinary course of business, not in anticipation of litigation.

_Sajda v. Brewton_, 265 F.R.D. 334, 339-40 (N.D. Ind. 2009). Work product doctrine did not apply to an accident report submitted by an employee to his supervisor because such reports are “regular occurrences in the transportation industry.”

_SEC v. Microtune Inc._, 258 F.R.D. 310, 318-19 (N.D. Tex. 2009). Work product doctrine did not apply because the defendant “and its lawyers would have created most of the documents at issue for business purposes, regardless of the prospects of litigation.”

_Milder v. Farm Family Cas. Ins. Co._, C.A. No. 08-310S, 2008 WL 4671003, at *1-2 (D.R.I. Oct. 21, 2008). Work product protection did not apply to a loss investigation report prepared for an insurance company, although plaintiff’s claim was significant and plaintiff had engaged in extensive litigation related to the same property, because there was no evidence the report was prepared in anticipation of litigation.

_Marceau v. Int’l Bhd. of Elec. Workers (IBEW) Local 1269_, 246 F.R.D. 610, 614 (D. Ariz. 2007). Work product protection did not apply to documents generated as part of an audit conducted a year before litigation was initiated after observing that the letter sent to outside counsel characterized the purpose of the investigation as business management recommendations.

_Elec. Data Sys. Corp. v. Steingraber_, No. 4:02 CV 225, 2003 WL 21653414, at *5-6 (E.D. Tex. July 9, 2003). Investigation into employee misconduct was based on business decision whether to terminate employee and not in anticipation of litigation.
Scott v. Litton Avondale Indus., No. Civ.A. 01-3334, 2003 WL 1913976, at *3 (E.D. La. Apr. 17, 2003). Certain employee-witness statements were not subject to work product protection because they were not taken in anticipation of litigation when the matter had not been referred to an attorney, the statements were not taken subject to an attorney’s request, and the human resources employee taking the statements did not have the belief that litigation was imminent.

Fulton DeKalb Hosp. Auth. v. Miller & Billips, 667 S.E.2d 455, 456–58 (Ga. Ct. App. Sept. 19, 2008). Affirming trial court’s ruling that internal investigation notes were not protected as work product because, despite the legal department’s involvement, “the investigation was merely a routine inquiry.”

With:

Miss. Pub. Emp. Ret. Sys. v. Bos. Scientific Corp., 649 F.3d 5, 30 (1st Cir. 2011). Documents prepared by counsel in coordination with an investigation working group did not lose work product protection merely because they were also intended to inform business decisions influenced by the prospects of litigation.

Sandra T.E. v. S. Berwyn Sch. Dist. 100, 600 F.3d 612, 622 (7th Cir. 2010). Work product doctrine applied although investigation of sexual abuse at school district may have had additional purposes, such as quelling public outrage, where chronology demonstrated that investigation was begun in response to filing of a lawsuit. It was not dispositive that the law firm conducting the investigation was not litigation counsel.

Patel v. L-3 Comms Holdings, Inc., Nos. 14-CV-6038 (VEC), 14-CV-6182 (VEC), 14-CV-6939 (VEC), 2016 WL 4030704, at *3-4 (S.D.N.Y. July 25, 2016). The mere fact that documents are created for multiple purposes, including both anticipation of litigation and business purposes or other obligations, does not strip work product protection from otherwise protected documents. Accordingly, court held that work papers created by forensic accounting firm hired by defendant’s outside counsel in connection with counsel’s investigation of accounting improprieties in a division of defendant’s business and the forensic accounting firm’s internal and external communications relating to the investigation were protected as work product.

Lindon v. Kakavand, Civil Action No. 5:13-026-DCR, 2014 WL 4063821, at *2-3 (E.D. Ky. Aug. 15, 2014). Report of outside consultant hired to investigate an allegedly negligent medical procedure qualified as work product. Plaintiff argued that work product protection did not apply because the investigation was a business requirement, in that hospital licensure rules, administrative regulations, and health care accreditation standards require such investigation and causal analysis. The court rejected plaintiff’s argument, noting that plaintiff had failed to identify any regulation that required an incident investigation report like the report prepared by the outside consultant and that the retention letter indicated defendant’s subjective belief that litigation was a distinct possibility.

Sullivan v. Warminster Twp., 274 F.R.D. 147, 152-53 (E.D. Pa. 2011). Internal investigation conducted by outside counsel was protected work product where engagement letter expressly stated that counsel was engaged to provide legal advice and to represent client in future claims and the report discussed legal strategy regarding the incident being investigated.

Treat v. Tom Kelley Buick Pontiac GMC Inc., No. 1:08-CV-173, 2009 WL 1543651, at *6-7 (N.D. Ind. June 2, 2009). Outside counsel’s investigation materials were protected work product because the purpose of the investigation was to respond to EEOC charges.

In re Vecco Instruments, Inc. Sec. Litig., No. 05 MD 1695(CM)(GAY), 2007 WL 210110, at *1-2 (S.D.N.Y. Jan 25, 2007). Internal investigation of a company’s financial statements by outside counsel and a forensic accounting firm was protected where it was anticipated that a restatement would be required that would result in litigation.
The work product doctrine also protects materials prepared by consultants hired by counsel to undertake an investigation in anticipation of litigation. Equal Rights Ctr. v. Post Props., Inc., 247 F.R.D. 208, 211 (D.D.C. 2008) (holding compliance reviews conducted by outside consultants were protected by work product doctrine); Hertzberg v. Veneman, 273 F. Supp. 2d 67, 77 n.4 (D.D.C. 2003) (“If one wants to assure work-product protection for factual or investigatory material or witness interviews, it surely is the better practice to have the agent who collects the information or conducts the investigation employed by the client’s attorney rather than by the client directly because there is a stronger presumption that the work-product of an agent of a lawyer retained for litigation or potential litigation (or the agent of an in-house or government agency lawyer with litigation responsibilities) was prepared ‘in anticipation of litigation.’”) (citations omitted); Pacamor Bearings, Inc. v. Minebea Co., 918 F. Supp. 491, 513 (D.N.H. 1996) (“When a party or the party’s attorney has an agent do work for it in anticipation of litigation, one way to ensure that such work will be protected under the work product doctrine is to provide ‘[c]larity of purpose in the engagement letter . . . .’”) (citation omitted); Bituminous Cas. Corp. v. Tonka Corp., 140 F.R.D. 381, 389 (D. Minn. 1992); Henderson v. Newport Cty. Reg’l YMCA, 966 A.2d 1242, 1245, 1248-49 (R.I. 2009) (holding that outside consultant’s report regarding staff policies and procedures was protected work product where the engagement letter specifically indicated the consultant was being retained in anticipation of litigation). But see Halley v. Okla. Dep’t of Human Servs., No. 14-CV-562-JHP, 2016 WL 3197556, at *2-3 (E.D. Okla. June 8, 2016) (party ordered to produce private investigator’s report otherwise qualifying as work product because private investigator conducted interviews in state where he was not licensed, and thus work-product protections never attached, despite investigator’s representations to third parties that he had plaintiff’s “power of attorney”); Ward v. Equilon Enters., LLC, No. C 09-4565 RS, 2011 WL 2746645, at *1-3 (N.D. Cal. July 13, 2011) (finding work product protection was waived where contents of investigation report were disclosed to independent contractor who was legally required to be part of investigative team); Hexion Specialty Chems., Inc. v. Huntsman Corp., 959 A.2d 47, 52 (Del. Ch. 2008) (holding that work product of corporation’s pre-litigation financial advisor could not be shielded from discovery by later agreeing to have the financial advisor act as a litigation consultant once a lawsuit was filed against the corporation).

However, the involvement of counsel is useful for several reasons. First, use of counsel is a contemporaneous indication that the corporation was contemplating the initiation of specific litigation. Second, when counsel prepares the written materials, they are more likely to contain opinion work product, and, therefore, enjoy a high level of protection.

The primary limitation in invoking the work product doctrine with respect to internal investigative materials is that ordinary work product may be discovered upon a showing of substantial need and undue hardship. To prove need and hardship, the party seeking production must show why the desired materials are relevant and that prejudice will result from the non-disclosure of those materials. See, e.g., Loctite Corp. v. Fel-Pro, Inc., 667 F.2d 577, 582 (7th Cir. 1981); Condon v. Petacque, 90 F.R.D. 53, 54-55 (N.D. Ill. 1981) (noting that the burden of showing substantial need is lessened the further the material is from the attorney’s mental
processes and impressions). Courts have considered a variety of factors in determining need and hardship. See Protection Of Ordinary Work Product, § III.D.1, supra. Undue hardship most often is proven when materials are unavailable elsewhere. Id. Compare Vallabharpurapu v. Burger King Corp., 276 F.R.D. 611, 616-18 (N.D. Cal. 2011) (ordering production of measurements and photographs taken of certain restaurants by defendant’s consultants because plaintiffs had “no other way of obtaining the information” after defendant altered the restaurant sites at issue in the litigation); SEC v. Vitesse Semiconductor Corp., 771 F. Supp. 2d 310, 314 (S.D.N.Y. 2011) (despite non-waiver agreement, defendant showed substantial need for internal report disclosed to SEC by third party because depositions could not reveal the same detail as contemporaneous interviews and SEC would likely use report against defendant at trial), with Friends of Hope Valley v. Frederick Co., 268 F.R.D. 643, 648-49 (E.D. Cal. 2010) (defendant did not show substantial need for questions asked and factual responses provided by third-party witnesses to questionnaires prepared by plaintiff’s counsel and administered by plaintiff’s board members, especially when plaintiff agreed to increase the number of depositions defendant could take).

Like the attorney-client privilege, the work product doctrine does not protect the discovery of facts contained in work product. “Rule 26(b)(3)’s work-product protection ‘furnishes no shield against discovery,’ by interrogatory and deposition, of the facts that an adverse party’s representative has amassed and accumulated in documents prepared for litigation.” Carver v. Allstate Ins. Co., 94 F.R.D. 131, 136 (S.D. Ga. 1982) (citation omitted). Many courts have not found substantial need or undue hardship where the factual information contained in work product may be obtained by an opposing party by means of deposing the witness who provided the factual information. See id.; see also Stampley v. State Farm Fire & Cas. Co., 23 F. App’x 467, 471 (6th Cir. 2001); SEC v. Brady, 238 F.R.D. 429, 439 (N.D. Tex. 2006); In re Natural Gas Commodities Litig., 232 F.R.D. 208, 213 (S.D.N.Y. 2005). But see Underwriters Ins. Co. v. Atl. Gas Light Co., 248 F.R.D. 663, 668-69 (N.D. Ga. 2008) (finding substantial need and allowing discovery of insurance company files when facts contained in the files could contradict the deposition testimony of certain witnesses).

1. Witness Statements

A critical component of most internal investigations is interviewing employees about their knowledge of relevant events. Memoranda generated by interviews conducted in anticipation of litigation are generally deemed to be work product. These memoranda can take the form of (1) verbatim statements (e.g., statements that are stenographically produced and signed), (2) near verbatim statements (e.g., handwritten notes that attempt to track the actual statements made by the witness), or (3) summaries of witness statements that do not attempt to recite any statements verbatim. Such summaries are often drafted by counsel and weave in the mental impressions of counsel as well as the substance of the witness statements. Categories (1) and (2) constitute ordinary work product. Category (3), to the extent that it includes opinions and impressions of counsel, constitutes opinion work product. As discussed below, courts commonly find that an opposing party demonstrates substantial need and undue hardship with respect to witness statements. It is therefore preferable that all witness interview memoranda be in the form of opinion work product, which is almost absolutely protected from discovery.
Many federal and state courts have compelled the production of witness statements despite finding them to be work product. These courts have found substantial need and undue hardship when witness statements are contemporaneous with relevant events, witness memories have dimmed, and/or where the party is effectively unable to obtain the information by other means.

In National Union Fire Insurance Co. of Pittsburgh v. Murray Sheet Metal Co., 967 F.2d 980 (4th Cir. 1992), a panel of the Fourth Circuit considered the discoverability of employee witness statements taken by non-legal personnel during an internal investigation that took place immediately following a fire. The court did not consider the attorney-client privilege, because counsel did not interview the employees and was not involved in the investigation. In remanding the case for further proceedings, the court instructed the trial court to consider the following issues, assuming that the statements were determined by the trial court to be ordinary work product:

When evaluating a party’s need for statements taken immediately after an accident, we have observed: Statements of either the parties or witnesses taken immediately after the accident and involving a material issue in an action arising out of that accident, constitute “unique catalysts in the search for truth” in the judicial process; and where the parties seeking their discovery was disabled from making his own investigation at the time, there is sufficient showing under the amended Rule to warrant discovery.

Id. at 985 (quoting with approval McDougall v. Dunn, 468 F.2d 468, 474 (4th Cir. 1972)); see also Sanford v. Virginia, No. 3:08cv835, 2009 WL 2947377, at *2-6 (E.D. Va. Sept. 14, 2009) (citing National Union and ordering discovery of witness statements taken immediately after the events giving rise to the litigation because those statements “constitute unique catalysts in the search for truth”) (quoting McDougall, 468 F.2d at 474); Cohen v. City of New York, 255 F.R.D. 110, 125-26 (S.D.N.Y. 2008) (ordering the production of handwritten notes taken by attorneys during a political demonstration that resulted in numerous arrests and subsequent litigation because “the notes [were] the product of contemporaneous observations” that could not be replicated).

In In re John Doe Corp., 675 F.2d 482, 492-93 (2d Cir. 1982), the court held that notes taken by an attorney of a witness interview during an internal investigation were discoverable because the government demonstrated substantial need. In John Doe Corp., a company conducted an internal “business ethics review” through its legal department, apparently in response to allegations of criminal wrongdoing. Among other things, in-house counsel conducted interviews of high-level employees and took notes of those meetings. After determining that the attorney-client privilege was inapplicable due to the crime-fraud exception, the court turned its attention to the work product doctrine. The court found that notes relating to one high-level employee were work product but found, based on an in camera inspection, that the notes did not reflect the mental processes of counsel. The court ruled that the notes had to be produced because, among other reasons, the notes may have been the only available evidence of what John Doe Corp. knew and when it knew it. Id. at 492. The court noted that one employee’s memory was hazy and that other potential witnesses had invoked the Fifth Amendment against self-incrimination. Id. at 486, 488, 492 n.10; see also In re Grand
Jury Subpoenas 89-3 & 89-4, 734 F. Supp. 1207, 1215 (E.D. Va. 1990), vacated in part on other grounds, 902 F.2d 244 (4th Cir. 1990). In In re Grand Jury Subpoenas 89-3 & 89-4, the court cited John Doe Corp. and held that employee witness interview materials created by in-house counsel were discoverable, even though the interviews took place approximately four years after the alleged wrongdoing because: (1) the interviews would “constitute the most accurate and the principal, if not sole, source of evidence of Movant’s state of knowledge”; (2) time had faded memories; and (3) several employee witnesses had invoked the Fifth Amendment. 734 F. Supp. at 1215. The court indicated it would conduct an in camera inspection and “may order appropriate redactions to protect against any unwarranted or unnecessary disclosure of attorneys’ mental processes.” Id.

State courts have come to the same conclusion. See, e.g., Tracanna v. Midstate Med. Ctr., No. CV 000443739S, 2001 WL 752702, at *2 (Conn. Super. Ct. June 12, 2001) (defendant established substantial need for plaintiff’s notes because there was no practical way to obtain equivalent information); Powers v. City of Troy, 184 N.W.2d 340 (Mich. Ct. App. 1970) (witness statement taken four days after incident, but six years before trial, was discoverable); Brugh v. Norfolk & W. Ry. Co., Nos. 1240, 1260, 1979 Va. Cir. LEXIS 38, at *5-6 (Va. Cir. Ct. Feb. 15, 1979) (witness statements taken by company’s claims department immediately after incident discoverable at least in part because the company prohibited employees from making statements to plaintiff’s attorney and deposition discovery would be expensive and time-consuming). See also Coito v. Super. Court, 278 P.3d 860, 869-70, 874 (Cal. 2012) (holding that absolute work product protection for witness statements obtained by an interview conducted by an attorney is decided on a case-by-case basis, that qualified work product protection applies to all witness statements obtained by an interview conducted by an attorney, and that lists of witnesses the attorney has chosen to interview may be subject to either absolute or qualified work product protection).

Other federal and state courts have found that parties have not demonstrated substantial need under similar circumstances. See, e.g., Sandra T.E. v. S. Berwyn Sch. Dist. 100, 600 F.3d 612, 622-23 (7th Cir. 2010) (finding that use for impeachment of notes and memoranda of attorneys’ interviews with school district employees during investigation of sexual abuse was not substantial need); Treat v. Tom Kelley Buick Pontiac GMC, Inc., No. 1:08-CV-173, 2009 WL 1543651, at *6-7 (N.D. Ind. June 2, 2009) (holding witness interview notes “reflecting counsel’s mental impressions about what [counsel] deemed important” were protected work product); SEC v. Schroeder, No. C07-03798 JW (HRL), 2009 WL 1125579, at *7 (N.D. Cal. Apr. 7, 2009) (finding defendant had not shown need for draft interview memoranda prepared by outside counsel during an internal investigation); Feacher v. Intercont’l Hotels Grp., Civil Action No. 3:06-CV-0877 (TJM/DEP), 2007 WL 3104329, at *3 (N.D.N.Y. Oct. 22, 2007) (holding that the transcript of a witness interview conducted by non-attorney investigator was protected work product and reasoning that courts that permit disclosure of purely factual witness statements ignore that, in addition to creating a “zone of privacy” in which an attorney can prepare for litigation, the work product doctrine encourages “vigorous investigation . . . unfettered by fear that the products of such efforts will . . . fall into an adversary’s hands”); Warmack v. Mini-Skools Ltd., 297 S.E.2d 365, 367 (Ga. Ct. App. 1982) (where party took extensive interrogatory and deposition discovery, the court found no substantial need for contemporaneous witness statements, despite the fact that memories were probably fresher at the time that the statements were made); Fireman’s Fund Ins. Co. v. McAlpine, 391 A.2d 84,
The lesson to be taken from these cases is that, to the extent possible, counsel should take statements from witnesses and create memoranda that incorporate mental impressions and opinions. Unless there is some compelling reason to do so, the company should not take verbatim statements or have statements signed by the employee witnesses.

2. Employment Discrimination Cases: “At Issue” Waiver

Internal investigations into allegations of sexual harassment and racial discrimination in the workplace present particular problems. In these cases, a company often alleges in its answer to a complaint that it has conducted a thorough investigation and found no wrongdoing and/or that the company has taken appropriate remedial action to ensure no future wrongdoing. In so doing, the company puts the merits of the internal investigation at issue in the litigation, and courts often hold that the work product protection has been waived. See, e.g., Koumoulis v. Indep. Fin. Mktg. Grp., Inc., 295 F.R.D. 28, 40, 42, 47-48 (E.D.N.Y. 2013), aff’d, 2014 WL 223173 (E.D.N.Y. Jan. 21, 2014) (defendants waived any applicable work product protection by asserting, as an affirmative defense, both the reasonableness of their efforts to prevent and correct promptly any discriminatory behavior and the reasonableness of their policies and procedures for investigating and preventing discrimination); Nelson v. NAV-RENO-GS, LLC, No. 3:12-CV-0165-LRH (VPC), 2013 WL 2475862, at *3 (D. Nev. June 7, 2013) (defendant’s assertion of the Faragher-Ellerth affirmative defense put internal investigation “at issue” and waived any work product protection that might apply to interview notes prepared by non-attorney HR personnel, particularly because there was no indication the notes contained mental opinions or impressions of counsel); Angelone v. Xerox Corp., No. 09-CV-6019, 2011 WL 4473534, at *2 (W.D.N.Y. Sept. 26, 2011) (finding waiver of attorney-client privilege and work product protection over documents used to prepare investigation report where corporation invoked Faragher-Ellerth defense, affirmatively putting its internal investigation at issue); Nelsen v. Green, No. 08-CV-1424-ST, 2010 WL 3491360, at *4-5 (D. Or. Aug. 31, 2010) (compelling the production of two interim draft reports prepared by an investigating officer regarding sexual harassment and discrimination claims made by a former employee of the U.S. Army Corps of Engineers, except for the mental impressions, conclusions, opinions, or legal theories of defendant’s attorney contained therein, when defendant put its investigation at issue); Musa-Muaremi v. Florists’ Transworld Delivery, Inc., 270 F.R.D. 312, 318-19 (N.D. Ill. 2010) (defendant waived privilege over in-house counsel’s edits to an internal investigation report where defendant asserted an affirmative defense of reasonable investigation and thereby put the adequacy of the investigation in issue); Reitz v. City of Mt. Juliet, 680 F. Supp. 2d 888, 892-95 (M.D. Tenn. 2010) (although plaintiff dropped her hostile work environment claim, the court found that defendant had waived attorney-client privilege and work product protection over interview memoranda prepared by outside counsel investigating plaintiff’s sexual harassment claims after defendant, in seeking summary judgment, asserted that the outside investigator had “fully, completely, and exhaustively investigated” plaintiff’s claims, but defendant was allowed to redact opinion work product,
which was irrelevant to the remaining retaliation claim); Emps. Committed for Justice v. Eastman Kodak Co., 251 F.R.D. 101, 107-08 (W.D.N.Y. 2008) (assertion that employee appraisal process is overseen by legal department, which confers with HR on matters of racial disparities, waived privilege for those communications and analysis); Walker v. Cnty. of Contra Costa, 227 F.R.D. 529, 535 (N.D. Cal. 2005) (holding that while attorney’s investigation would normally be protected by both work product and attorney-client privilege, defendants’ intention to rely upon it as a defense to a discrimination claim resulted in waiver); Sedillos v. Bd. of Educ. of Sch. Dist. 1 in the City & Cnty. of Denver, 313 F. Supp. 2d 1091, 1094 (D. Colo. 2004) (decision to place advice of counsel as an issue in retaliatory transfer claim resulted in waiver of attorney-client privilege); EEOC v. Rose Casual Dining, L.P., No. Civ.A. 02-7485, 2004 WL 231287, at *3-4 (E.D. Pa. Jan. 23, 2004) (work product protection waived for investigation into dismissal where party placed the investigation at issue); McGrath v. Nassau Cnty. Health Care Corp., 204 F.R.D. 240, 245-46 (E.D.N.Y. 2001) (employer waived work product protection by invoking investigation in its defense); Brownell v. Roadway Package Sys., Inc., 185 F.R.D. 19, 25 (N.D.N.Y. 1999) (same); Harding v. Dana Transp., Inc., 914 F. Supp. 1084, 1090-1100 (D.N.J. 1996) (in case of first impression regarding discoverability of investigative materials obtained by counsel in sexual discrimination case founded on allegations of hostile work environment, the court held that the employer waived both the attorney-client privilege and work product protection as to all of outside counsel’s investigative materials by raising the fact of the employer’s investigation as a defense to plaintiff’s allegations); Alberts v. Wickes Lumber Co., No. 93 C 4397, 1995 WL 31577, at *1-2 (N.D. Ill. Jan. 26, 1995) (holding that, because defendant intended to use evidence of its investigation into plaintiff’s allegations to establish its own good faith, defendant waived privilege for all documents contained in outside counsel’s investigation file). But see Angelone v. Xerox Corp., No. 09-CV-6019, 2011 WL 4473534, at *2 (W.D.N.Y. Sept. 26, 2011) (waiver did not exist for post-investigation documents that would not be referred to or relied on by Faragher-Ellerth defense); Crutcher-Sanchez v. Cnty. of Dakota, No. 8:09CV288, 2011 WL 612061, at *10 (D. Neb. Feb. 10, 2011) (generally alleging Faragher-Ellerth defense did not waive privilege for documents related to law firm investigation that took place after alleged improper termination); Malin v. Hospira, Inc., No. 08 C 4393, 2010 WL 3781284, at *2 (N.D. Ill. Sept. 21, 2010) (declining to find waiver of attorney-client privilege and work product protection as it related to defendant’s internal investigation of plaintiff’s EEOC charge, even though defendant raised affirmative defense that it attempted to comply with applicable antidiscrimination laws, because the defense related only to plaintiff’s inability to recover punitive damages and because defendant claimed that it did not intend to use the investigation at trial); Treat v. Tom Kelley Buick Pontiac GMC, Inc., No. 1:08-CV-173, 2009 WL 1543651, at *12-13 (N.D. Ind. June 2, 2009) (employer’s affirmative defense that it “exercised reasonable care” to prevent discrimination did not place its investigation into plaintiff’s allegations at issue because plaintiff failed to take advantage of the employer’s policies regarding discrimination, making it impossible for the employer to conduct an investigation of her claims prior to commencement of the litigation).

The district court decision in Peterson v. Wallace Computer Services, Inc., 984 F. Supp. 821 (D. Vt. 1997), illustrates the particular difficulty companies have in maintaining the work product privilege in the context of employment discrimination claims. In Peterson, Barry White, Wallace’s Director of Human Resources, undertook an investigation of Peterson’s allegations of sexual harassment after Peterson informed him that she intended
to file a claim. *Id.* at 823. Wallace consulted both in-house and outside counsel during the course of the investigation and prepared three memoranda regarding White’s conversations with counsel and his interviews with several employees. *Id.* Wallace raised as a defense its adequate investigation of Peterson’s allegations. *Id.* In response to Peterson’s discovery requests, Wallace asserted the attorney-client privilege and work product immunity over notes and memoranda, but it did not object to depositions of White and other Wallace employees. *Id.*

The Magistrate Judge found that both privileges applied to the investigation memoranda and that Wallace had not waived those privileges. *Id.* at 824. The district court agreed that the privileges applied but set aside the magistrate judge’s opinion after finding that Wallace waived the privileges by putting the investigation “at issue” in the litigation. *Id.* at 826-27. For her hostile work environment claim, Peterson had to show that Wallace “provided no reasonable avenue for complaint or knew of the harassment but did nothing about it.” *Id.* at 825 (internal quotation and citation omitted). “Wallace must have taken ‘immediate and corrective action’ in response to Peterson’s allegations in order to avoid liability.” *Id.* (citations omitted). The court stated that, in order to enable the finder of fact to evaluate Wallace’s investigation with respect to timeliness, thoroughness and employer bias, Peterson had to be able to present evidence on these aspects of Wallace’s investigation. *Id.* at 826. Peterson’s ability to do so would have been “impaired severely” if the investigation notes and memoranda were not disclosed to her. *Id.* The court held that both the attorney-client privilege and work product protection had been waived by Wallace’s interjecting the investigation into the case, and ordered that the investigative materials be disclosed. *Id.* However, the court instructed the Magistrate Judge to conduct an *in camera* review of the materials to protect against the disclosure of opinion work product. *Id.* at 826-27.

Two cases decided by California appellate courts indicate that very little from an internal investigation into employment discrimination claims is protected from discovery when the company raises the existence and adequacy of the investigation as a defense. In *Wellpoint Health Networks, Inc. v. Superior Court*, 59 Cal. App. 4th 110, 125-28 (Cal. Ct. App. 1997), the court held that pre-litigation investigative materials prepared by outside counsel were discoverable because Wellpoint had waived its privileges by putting the investigation at issue in litigation. Prior to plaintiff’s filing of an employment discrimination action, Wellpoint hired outside counsel to conduct an investigation into charges plaintiff had brought to Wellpoint’s attention. *Id.* at 117. Wellpoint’s counsel then sent a letter to plaintiff asserting that each charge that he had filed “ha[d] been fully investigated and taken seriously.” *Id.* (alteration in original).

The court found that both the attorney-client privilege and work product doctrine applied to the investigative materials. *Id.* at 121-24. However, the court held that Wellpoint would waive those protections if it chose to defend the action based on the adequacy of the investigation. The court explained the unique situation that is presented by employment discrimination cases:

The adequacy or thoroughness of a defendant’s investigation of plaintiff’s claim is simply irrelevant in the typical civil action. In an employment discrimination lawsuit based on hostile work environment, on the other hand, the adequacy of
the employer’s investigation of the employee’s initial complaints could be a critical issue if the employer chooses to defend by establishing that it took reasonable corrective or remedial action.

*Id.* at 126 (citations omitted). A party cannot use the investigation as both sword and shield by “fusing the roles” of internal investigator and attorney:

By asking [the attorney] to serve multiple duties, the defendants have fused the roles of internal investigator and legal advisor. Consequently, [the employer] cannot now argue that its own process is shielded from discovery. Consistent with the doctrine of fairness, the plaintiffs must be permitted to probe the substance of [the employer’s] alleged investigation to determine its sufficiency.

*Id.* at 127 (quoting Harding, 914 F. Supp. at 1096) (alterations appear in quoted language). “[T]he employer’s injection into the lawsuit of an issue concerning the adequacy of the investigation . . . undertaken by an attorney . . . must result in waiver of the attorney-client privilege and work-product doctrine.” *Id.* at 128.

A later California appellate court decision somewhat limited the scope of Wellpoint but clarified that the vast majority of investigative materials must be produced when they are put at issue by a defendant in an employment discrimination case. *Kaiser Found. Hosps. v. Super. Court*, 66 Cal. App. 4th 1217 (Cal. Ct. App. 1998). In *Kaiser*, the employer, Kaiser, prior to the initiation of litigation, directed its human resources consultant, Diaz, to investigate allegations regarding a physician’s allegedly “inappropriate sexual conduct.” *Id.* at 1220. Diaz obtained advice from Kaiser’s legal department regarding the process and progress of the investigation. *Id.* After filing suit, plaintiffs sought discovery of Kaiser’s “complete investigation files.” *Id.* In response to plaintiff’s document request, Kaiser agreed to produce the majority of Diaz’s work, including several investigation reports and investigation notes that did “not refer or relate to communication with counsel.” *Id.* at 1221. Kaiser withheld or partially redacted 38 pages of documents, less than 10 percent of the investigative materials, on grounds of the attorney-client privilege, the work product protection, and the California right to privacy. *Id.* at 1221, 1225.

The *Kaiser* court held that “[w]here a defendant has produced its files and disclosed the substance of its internal investigation conducted by nonlawyer employees, and only seeks to protect specified discrete communications which those employees had with their attorneys, disclosure of such privileged communications is simply not essential for a thorough examination of the adequacy of the investigation or a fair adjudication of the action.” *Id.* at 1227 (citations omitted). The court distinguished Wellpoint, where the court was confronted with an assertion of complete privilege over all materials prepared by counsel who undertook the investigation for the employer. *Id.* at 1225-26.

There are at least two lessons to be derived from Wellpoint and Kaiser. First, where a company intends to put its internal investigation at issue in litigation, it should expect to produce at least the majority of the investigative materials. See *Baez v. Super. Court*, No. B208294, 2008 WL 5394067, at *4 (Cal. Ct. App. Dec. 22, 2008) (unpublished) (ordering production of defendant’s investigation file and reconciling *Kaiser* and *Wellpoint*). This
principle may apply to cases other than employment discrimination actions where the internal investigation is put at issue by the assertion of a claim or defense. See, e.g., Reid-Lamb v. Time Warner Entm’t Co., No. 3:10-CV-77-FDW-DCK, 2010 WL 5128632, at *2 (W.D.N.C. Dec. 10, 2010) (denying waiver argument where there was no evidence defendant intended to use privileged documents as support for any of its affirmative defenses); Picard Chem. Inc. Profit Sharing Plan v. Perrigo Co., 951 F. Supp. 679 (W.D. Mich. 1996) (upholding privilege asserted over internal investigation in securities class action but warning that privilege would be waived if the investigation report were to be used as a defense in a separate stockholder derivative action then pending before the court).

Second, employment discrimination investigations should be carefully structured to comply with the local jurisdiction’s privilege rulings. In California, for example, the company would have to weigh the advantages and disadvantages of attorney-led investigations (e.g., care in drafting, but risk of complete loss of privilege) versus the merits of non-attorney investigations (e.g., potentially less care in the conduct of the investigation and less careful draftsmanship, but a chance of preserving the privilege over some limited communications and materials).

IX. SPECIAL PROBLEM AREAS

A. CHOICE OF LAW: IDENTIFYING THE APPLICABLE LAW

Because each jurisdiction may apply different rules regarding privilege, it is important to identify which law will most likely be applied to discovery disputes arising from each deposition in a case. Where depositions of third parties will be taken in several different jurisdictions, several different rules of law may be applied to the same case.

Rule 501 of the Federal Rules of Evidence provides:

The common law--as interpreted by United States courts in the light of reason and experience--governs a claim of privilege unless any of the following provides otherwise:

• the United States Constitution;
• a federal statutute; or
• rules prescribed by the Supreme Court.

But in a civil case, state law governs privilege regarding a claim or defense for which state law supplies the rule of decision.

Thus, in cases based solely on diversity, privilege claims will be based on state attorney-client privilege law. See In re Avantel, S.A., 343 F.3d 311, 318 n.6 (5th Cir. 2003); Pamida, Inc. v. E.S. Originals, Inc., 281 F.3d 726, 731 (8th Cir. 2002); 1550 Brickell Assocs. v. Q.B.E. Ins. Co., 253 F.R.D. 697, 699 (S.D. Fl. 2008) (“Attorney-client privilege is governed by state law in diversity actions.”); Pal v. N.Y. Univ., No. 06 Civ. 5892(PAC)(FM), 2007 WL 4358463, at *3 (S.D.N.Y. Dec. 10, 2007); Navigant Consulting, Inc. v. Wilkinson, 220 F.R.D.
Federal Rule of Evidence 502 governs the scope of waiver of the attorney-client privilege and work product protection for all federal court proceedings that occur through disclosure in a federal proceeding or to a federal office or agency. FED. R. EVID. 502(f). This includes cases arising under state law brought in federal court based on diversity jurisdiction. FED. R. EVID. 502(f) advisory committee’s note.

In determining which state’s law will be applied, federal district courts sitting in diversity cases apply the conflict of laws rules prevailing in the state in which they are situated. Klaxon Co. v. Stentor Elec. Mfg. Co., 313 U.S. 487, 496-97 (1941); Connolly Data Sys., Inc. v. Victor Tech., Inc., 114 F.R.D. 89, 91 (S.D. Cal. 1987); 3Com Corp. v. Diamond II Holdings, Inc., C.A. No. 3933-VCN, 2010 WL 2280734, at *5-6 (Del. Ch. May 31, 2010) (applying forum state privilege law because that state had the more significant interest in the challenged communications, but noting that, in the event that a non-forum state has the more significant relationship to the communications, that state’s privilege law should be applied unless doing so would contravene the forum state’s public policy). Where a third party witness’s deposition is being taken, federal courts have applied the privilege law of the forum where the deposition takes place. Wolpin v. Philip Morris Inc., 189 F.R.D. 418, 423 (C.D. Cal. 1999); Tartaglia v. Paul Revere Life Ins., 948 F. Supp. 325, 326-27 (S.D.N.Y. 1996); Roberts v. Carrier Corp., 107 F.R.D. 678, 685-86 (N.D. Ind. 1985).


The federal common law of privilege will apply in federal question cases, at least to federal claims, even if the challenged testimony is relevant to a pendent state law count. See Wilcox v. Arpaio, 753 F.3d 872, 876-77 (9th Cir. 2014) (where the same evidence related to both the federal and state law claims alleged, the court was not bound by state law and applied
federal privilege law pursuant to Fed. R. Evid. 501); Hancock v. Hobbs, 967 F.2d 462, 466-67 (11th Cir. 1992) (Georgia psychiatrist-patient privilege not applicable since federal law does not recognize such a privilege); von Bulow v. von Bulow, 811 F.2d 136 (2d Cir. 1987); William T. Thompson Co., 671 F.2d at 103-04; Mem’l Hosp. for McHenry Cnty. v. Shadur, 664 F.2d 1058, 1061 n.3 (7th Cir. 1981); Babynch v. Psychiatric Solutions, Inc., 271 F.R.D. 603, 610 (N.D. Ill. 2010) (noting that the fact that the disputed materials related to pendant state law claims, in addition to the federal question claims that occasioned the removal of the entire action to federal court, did “not make the state privilege law applicable because ‘it would be meaningless to hold the communication privileged for one set of claims and not the other’”) (internal citation omitted); FSP Stallion 1, LLC v. Luce, No. 2:08-cv-01155-PMP-PAL, 2010 WL 3895914, at *14 (D. Nev. Sept. 30, 2010) (applying federal common law of privilege to federal question and pendant state law claims consistent with Ninth Circuit law); In re Zyprexa Prods. Liab. Litig., 254 F.R.D. 50, 52 (E.D.N.Y. 2008); Keen v. Hancock Cnty. Job & Family Servs., 581 F. Supp. 2d 893, 895 (N.D. Ohio 2008); HPD Labs., Inc. v. Clorox Co., 202 F.R.D. 410, 413 (D.N.J. 2001); Audritz Sprout-Bauer, Inc. v. Beazer E., Inc., 174 F.R.D. 609, 632 (M.D. Pa. 1997). Where, however, the privilege covers matters related solely to a pendant claim, state privilege law will apply to privilege issues related to that claim. See Motorola, Inc. v. Lemko Corp., No. 08 C 5427, 2010 WL 2179170, at *2 (N.D. Ill. June 1, 2010) (distinguishing von Bulow because federal law applied narrower privilege protection than state law in that case, and applying Illinois privilege law to state Whistleblower Act claim); Lego v. Stratos Lightwave, Inc., 224 F.R.D. 576, 578-79 (S.D.N.Y. 2004) (applying federal common law of privilege law to federal claims and state accountant’s privilege to pendant state claims). In federal question cases, work product is also determined under federal procedural law. See FED. R. CIV. P. 26(b)(3).

Multi-district litigation (“MDL”) proceedings present complex questions regarding which law to apply to privilege issues. In In re Yasmin & Yaz (Drospirenone) Marketing, Sales Practices & Products Liability Litigation, No. 3:09-md-02100, 2011 WL 1375011, at *1 (S.D. Ill. Apr. 12, 2011), the court provided a lengthy and detailed analysis of the privilege laws that should apply in 5,998 MDL lawsuits against various pharmaceutical company defendants, which involved state law claims asserted by plaintiffs, and included federal defenses asserted by defendants. Because the work product protection is a procedural, qualified immunity, and not a substantive testimonial privilege, the court held that Federal Rule of Civil Procedure 26 would govern any work product doctrine issues. Id. at *1-2. For transfer and foreign direct-filed cases, the court held that it would apply the law of each case’s source of origin and would only apply Illinois, the forum state, choice of law principles to the MDL cases filed in Illinois. Id. at *5-6. Relying on Federal Rule of Evidence 501, the court rejected defendants’ suggestion of applying federal law to all privilege issues in order to streamline the litigation. Id. at *6-7. In addition, the court held that federal privilege law would apply to defendants’ federal defenses, but that state privilege laws would apply to any state law claims or defenses. Id. at *7. For communications relevant to both federal defenses and state claims or defenses, the court held that it would apply “the law favoring reception of the evidence.” Id. at *8. Finally, it concluded that Section 139 of the Restatement (Second) Conflict of Laws would govern state choice of privilege law questions, but the court would not apply Illinois’s privilege law to communications occurring outside the state regarding matters arising outside the state. Id. at *8-15.
Where a communication occurs in a foreign country, courts may apply the law of the foreign country based on principles of comity. See Cadence Pharm., Inc. v. Fresenius Kabi USA, LLC, 996 F. Supp. 2d 1015, 1021 (S.D. Cal. 2014) (applying touch base approach and holding that communications with a German patent agent were protected under German law and not subject to discovery in the U.S.); Astrazeneca LP v. Breath Ltd., No. 08-1512, 2011 WL 1421800, *4-8 (D.N.J. Mar. 31, 2011) (applying foreign privilege law where the communications clearly related to activity in a foreign country and the communications did not “touch base” with the United States); Tulip Computers Int’l, B.V. v. Dell Computer Corp., 210 F.R.D. 100, 104 (D. Del. 2002); Odone v. Croda Int’l PLC, 950 F. Supp. 10, 13 (D.D.C. 1997); Duplan Corp. v. Deering Milliken, Inc., 397 F. Supp. 1146, 1169 (D.S.C. 1974). In contrast, where the communication “touches base” with the United States, some courts will limit the extent to which foreign law will protect a foreign communication. See Wultz v. Bank of China Ltd., 979 F. Supp. 2d 479, 492 (S.D.N.Y. 2013) (applying a “touch base” analysis and finding that U.S. privilege law applied to all documents that related to the demand letter and the subject matter that gave rise to the lawsuit), modified on reconsideration, 2013 WL 6098484, at *2 (Nov. 20, 2013) (modifying prior holding to clarify that U.S. privilege law applies to all communications that “touch base” with U.S. legal matters, regardless of whether they relate to the current litigation); Anwar v. Fairfield Greenwich Ltd., No. 09 Civ. 118 (VMS CFM), 2013 WL 3369084, at *1 (S.D.N.Y. July 8, 2013) (applying U.S. privilege law, because the communications arose out of defendants’ role in activities that occurred in the United States, but noting that the court would reach the same result under Dutch privilege law); Gucci Am., Inc. v. Guess?, Inc., 271 F.R.D. 58, 66, 68 (S.D.N.Y. 2010) (applying American privilege law because (1) communications at issue “touch[ed] base,” that is, had a “more than incidental connection,” with the United States, and (2) application of foreign law absent definitive evidence that foreign country recognized an analogous privilege scheme would violate the forum’s public policy); Tulip Computers, 210 F.R.D. at 104. But see Aktiebolag v. Andrx Pharms., Inc., 208 F.R.D. 92, 102 (S.D.N.Y. 2002) (applying federal privilege law notwithstanding the fact that communications at issue did not “touch base” with the United States where application of Korean law could result in disclosure of documents that would be protected by the privilege under domestic law). Other courts, however, will continue to accord deference to foreign privilege principles where doing so extends the privilege to communications with non-attorneys, at least where the non-attorney is acting in a capacity similar to an American attorney. See SmithKline Beecham Corp. v. Apotex Corp., No. 98 C 3952, 2000 WL 1310668, at *3 (N.D. Ill. Sept. 13, 2000).

B. SHAREHOLDER LITIGATION

Shareholder litigation can create special problems when shareholders, either as a class or on a derivative basis, seek privileged or work product documents from the corporation. Many courts have recognized an exception to the attorney-client privilege that allows the shareholders of the corporation to access materials prepared by corporate counsel. For a more detailed discussion, see Exceptions To The Attorney-Client Privilege: Fiduciary Exception, § I.I.3, above. On the other hand, courts generally have not found a similar exception for work product protection. They recognize that the mutuality of interest is destroyed between shareholders and the corporation when litigation arises. For a more detailed discussion on the fiduciary exception and the work product doctrine, see Fiduciary Exception: The Garner Doctrine, § III.F.3, above.

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C. ETHICAL CONSIDERATIONS

1. Dual Representation

One issue that often arises in the organizational context is whether a corporation’s counsel should represent corporate employees, and if not, the extent to which corporate counsel should inform employees about their individual legal rights. When a corporation believes it is in its best interest to waive the attorney-client privilege for employee communications, such communications are subject to discovery unless the employee may assert an individual attorney-client privilege. Commodity Futures Trading Comm’n v. Weintraub, 471 U.S. 343, 348 (1985); United States v. Int’l Bhd. of Teamsters, 119 F.3d 210, 216-17 (2d Cir. 1997); In re Bevill, Bresler & Schulman Asset Mgmt. Corp., 805 F.2d 120, 124-25 (3d Cir. 1986); United States v. Keplinger, 776 F.2d 678 (7th Cir. 1985); In re Bounds, 443 B.R. 729, 733 (Bankr. W.D. Tex. 2010) (declining to allow bankruptcy trustee, the current holder of the corporation’s privilege, to waive the debtor-former owner’s personal privilege). An employee may do so only if the communication satisfies each element of the privilege. See Representation Of Individual Employees By Organizational Counsel, § 1.B.1.b(2), supra. If counsel represents only the corporation and has informed the employee of that fact, no individual privilege arises to protect the employee. See, e.g., United States v. Graf, 610 F.3d 1148, 1162 (9th Cir. 2010) (adopting standard set forth in In re Bevill, Bresler & Schulman Asset Mgmt. Corp., 805 F.2d 120, 123 (3d Cir. 1986), for determining whether corporate employee holds a personal attorney-client privilege and finding that defendant held no individual privilege because he never requested or made clear to the attorneys that he sought personal representation, the retainer agreement was signed by another party, the bills were paid only by the company, and the substance of the communications at issue related solely to the defendant’s official duties); In re Grand Jury Subpoena: Under Seal, 415 F.3d 333, 339 (4th Cir. 2005); Keplinger, 776 F.2d at 700-01.

Under certain circumstances, a corporation may choose to have its counsel also represent its employees. For example, where corporate officers, directors, or employees are the targets of a grand jury investigation, a corporation may wish to offer joint representation in order to retain control over the case and enable counsel to plot joint strategy. Joint representation may provide counsel with increased information and facilitate interviewing grand jury witnesses.

Multiple representations may, however, lead to the disqualification of counsel, either on the government’s motion in a criminal case or an adverse party’s motion in a civil case, and could result in disqualifying the lawyer and the lawyer’s firm inability to participate in the litigation. See, e.g., Doe v. A Corp., 709 F.2d 1043 (5th Cir. 1983) (attorney disqualified from representing class in action against former client where he would have had opportunity to use confidential information against former client); In re Coordinated Pretrial Proceedings in Petroleum Prods. Antitrust Litig., 658 F.2d 1355, 1361 (9th Cir. 1981) (Cannon 9 is sufficient ground for disqualification in itself, but appellate court will affirm a disqualification order “only where the impropriety is clear and is one that would be recognized as such by all reasonable persons”); In re Cmty. Lending, Inc., No. C 08-00201, 2011 WL 7479165, at *3-4 (N.D. Cal. June 6, 2011) (denying plaintiff’s motion to disqualify defendant’s law firm where plaintiff was the former CEO of defendant and the law firm had asserted the attorney-client
privilege over communications between the former CEO and attorneys at the law firm, because the former CEO had been informed that the law firm only represented defendant); Lieberman v. City of Rochester, 681 F. Supp. 2d 418, 423, 427 (W.D.N.Y. 2010) (noting that the Second Circuit has declined to adopt a “‘single representation’ rule requiring independent representation in all cases involving actual or potential conflicts between multiple clients” and finding inappropriate the disqualification of counsel from defending both a municipality and municipal employees in the same action); Emmis Operating Co. v. CBS Radio Inc., 480 F. Supp. 2d 1111 (S.D. Ind. 2007) (disqualifying counsel who had consulted for a former executive in his contract negotiations with a company from representing the company in a subsequent action); Smith v. City of New York, 611 F. Supp. 1080, 1091 (S.D.N.Y. 1985) (Canon 5 is satisfied by the clients’ informed consent); United States v. Occidental Chem. Corp., 606 F. Supp. 1470 (W.D.N.Y. 1985) (corporate counsel may also represent former employees where there is no actual conflict of interest); United States v. Linton, 502 F. Supp. 871, 877 (D. Nev. 1980) (consent to and waiver of objections to conflict of interest not sufficient if confidential information involved: “the ethical requirement to utilize on behalf of one client confidential information obtained from another client could conceivably result in counsel’s disqualification to represent both clients”).

But see Yanez v. Brian Plummer, 164 Cal. Rptr. 3d 309, 313-16 (Cal. Ct. App. 2013) (failure of in-house counsel to obtain informed consent prior to joint representation of company and employee with adverse interests presented triable issues of fact in subsequent malpractice litigation by employee against attorney); United States v. Turner, 594 F.3d 946, 954-55 (7th Cir. 2010) (finding error in disqualification of attorney from concurrent representation of multiple criminal defendants based on the “mere possibility” of conflict and discussing protective measures short of disqualification to insure that all defendants received effective assistance); Vegetable Kingdom, Inc. v. Katzen, 653 F. Supp. 917, 925-26 (N.D.N.Y. 1987) (noting that motions for disqualification are increasingly filed merely to harass opposing counsel, the court denied the motion and imposed sanctions on movant).

Even if counsel is not disqualified, counsel may have difficulty adequately representing an individual’s interests, which may conflict with those of the corporation or those of other individuals represented by corporate counsel. For example, it may be in an individual’s best interest to accept an offer of immunity from the government, but such an offer may undermine the corporation’s case. In certain circumstances, the rules of professional responsibility may prohibit the representation of more than one client in this situation. See ABA CODE OF PROF’L RESPONSIBILITY DR 5-105, EC 5-14, 5-15, 9-1, 9-2; MODEL RULES OF PROF’L CONDUCT R. 1.7(b); see also United States v. Marshall, 488 F.2d 1169, 1193-94 (9th Cir. 1973). In criminal cases, moreover, this joint representation by counsel may also increase the possibility that counsel will be subpoenaed by the grand jury, which may lead to disqualification.

2. Former Employees

Ethics rules will also affect the ability of lawyers to contact former employees of an adversary corporation. Courts have reached conflicting results under the ethical canons. See Brian J. Redding, The Perils of Litigation Practice, 18 LITIG. 6, 10 (1992) (summarizing opinions on communicating with former employees). Some courts have found that ethical rules prohibit interviews with the former client of an adversary. See Am. Prot. Ins. Co. v. MGM Grand Hotel-Las Vegas, Inc., No. CV-LV 82-26-HDM, 1986 WL 57464, at *3-4

Still other courts restrict interviews if the former employee was significantly involved in the events of the case. See Colborn v. Hardee’s Food Sys., Inc., No. 2:10cv59-P-S, 2010 WL 4338353, at *1-2 (N.D. Miss. Oct. 27, 2010) (allowing ex parte contact with former employees of defendant except the employee whose conduct could be imputed to defendant to establish liability in the pending litigation); Serrano v. Cintas Corp., No. 04-40132, 2009 WL 5171802, at *3 (E.D. Mich. Dec. 23, 2009) (precluding party from conducting ex parte interviews with defendant’s former decision makers because their conduct could be imputed to defendant to establish liability in the very litigation in which the interviews were sought); Chancellor v. Boeing, Co., 678 F. Supp. 250, 253 (D. Kan. 1988) (ex parte interviews with former employees are not permitted without the corporation’s consent if the former employee’s acts or admissions can be imputed to the corporation); Lang v. Super. Court, 826 P.2d 1228, 1233 (Ariz. Ct. App. 1992) (former employee interviews permitted unless the acts or omissions of the former employee give rise to the underlying litigation or the former employee has an ongoing relationship with the former employer in connection with the litigation).

In any case, even if the court allows the interview to take place, the attorney is prohibited from discussing any privileged communications of which the former employee is aware. See Arista Records, 784 F. Supp. 2d at 416-17 (placing limitations on elicitation of confidential information during otherwise permissible ex parte communications with former employees of opposing parties); Weber v. Fujifilm Med. Sys., U.S.A., No. 3:10 CV 401(JBA), 2010 WL 2836720, at *4 (D. Conn. July 19, 2010) (forbidding counsel from attempting to discover confidential information during ex parte communications with former employees of party-opponent); Arnold v. Cargill Inc., No. 01-2086, 2004 WL 2203410, at *8-9 (D. Minn. Sept. 24, 2004) (noting that majority of courts allow attorneys to interview former employees ex parte, but disqualifying counsel due to failure to take precautions against the exchange of privileged matter); Dubois v. Gradco Sys., Inc., 136 F.R.D. 341, 347 (D. Conn. 1991); In re Home Shopping Network, Inc. Sec. Litig., No. 87-248-CIV-T-13A, 1989 WL 201085, at *2 (M.D. Fla. June 22, 1989) (counsel can question about non-privileged matters but must advise former employees that (1) the attorney-client privilege belongs to the company and cannot be waived by the employees and (2) the employees are prohibited from discussing matters where the privilege belongs to the company); Amarin Plastics, Inc. v. Md. Cup Corp., 116 F.R.D. 36, 42 (D. Mass. 1987) (attorneys cannot try to uncover strategy or opinions of other lawyer from interviews with employees or former employees).
D. POST-ENRON CONSIDERATIONS

In 2002, in response to the collapse of Enron and other publicized incidents of corporate malfeasance, the federal government enacted the Sarbanes-Oxley Act (“SOX”) to impose stricter standards of accountability on public companies and accounting practices. SOX addresses corporate responsibility within publicly held companies and holds parties, particularly the chief executive officer and chief financial officer, accountable for intentional financial misstatements contained in securities filings. SOX permits the Public Company Accounting Oversight Board (“PCAOB”) to inspect registered public accounting firms’ compliance with SOX. 15 U.S.C. §§ 7214 & 7215. As part of these inspections, PCAOB may require testimony and the production of certain documents, including audit work papers, from the accounting firm or its client that it deems relevant to its investigation. Id. § 7215(b)(2). Failure to cooperate could lead to sanctions, including suspending or revoking the registration of the public accounting firm. Id. § 7215(b)(3)(A).

SOX provides that “all documents and information prepared or received by or specifically for the Board, and deliberations of the Board and its employees and agents in connection with an inspection under section 7214 of this title or with an investigation under this section, “shall be confidential and privileged as an evidentiary matter (and shall not be subject to civil discovery or other legal process) in any proceeding in any Federal or State Court or administrative agency, and shall be exempt from disclosure . . . unless and until presented in connection with a public proceeding. . . .” Id. § 7215(b)(5)(A). See also Bennett v. Sprint Nextel Corp., No. 11-9014-MC-W-ODS, 2012 WL 4829312, at *3-4 (W.D. Mo. Oct. 10, 2012) (direct communications with PCAOB, as well as materials KPMG provided to PCAOB during an annual inspection of KPMG, including KPMG’s 2005 audit of Sprint, and KPMG’s internal communications discussing PCAOB’s questions or comments and KPMG’s responses thereto, were privileged and protected from disclosure . . . unless and until presented in connection with a public proceeding. . . .” Id. § 7215(b)(5)(A). See also Bennett v. Sprint Nextel Corp., No. 11-9014-MC-W-ODS, 2012 WL 4829312, at *3-4 (W.D. Mo. Oct. 10, 2012) (direct communications with PCAOB, as well as materials KPMG provided to PCAOB during an annual inspection of KPMG, including KPMG’s 2005 audit of Sprint, and KPMG’s internal communications discussing PCAOB’s questions or comments and KPMG’s responses thereto, were privileged and protected from disclosure in class action litigation against Sprint); Silverman v. Motorola, No. 07 C 4507, 2010 WL 4659535, at *4, *6 (N.D. Ill. June 29, 2010) (holding that SOX’s statutory privilege did not apply to all documents and information relating to a PCAOB inspection, and ordering KPMG to produce all requested documents except those “prepared . . . specifically for the Board” in class action litigation against Motorola).

Section 307 of SOX authorizes the Securities and Exchange Commission (“SEC”) to issue rules “setting forth minimum standards of professional conduct for attorneys appearing and practicing before the Commission in any way in the representation of issuers,” specifically including a requirement that an attorney report evidence of corporate wrongdoing “up the ladder” within a client company. 15 U.S.C.A. § 7245 (West 2017). This reporting provision applies to both domestic and foreign attorneys. See Carnero v. Bos. Scientific Corp., 433 F.3d 1, 10 n.8 (1st Cir. 2006) (citing 17 C.F.R. § 205.2(a)(2)(ii), (c), and (j)).

After the announcement of a proposed rule regarding attorneys’ obligations under SOX, there was considerable uproar in the legal community regarding a “noisy withdrawal” provision that required outside counsel who did not receive an “appropriate response” after reporting up the ladder to withdraw from the representation, report the withdrawal to the SEC (citing “professional considerations”), and disaffirm any SEC filings the attorney helped prepare that the attorney reasonably believed might be materially false or misleading. (In-
house counsel would be subject to the requirement to disaffirm but would not have to resign.)
The proposed rule, which was criticized because it could result in violations of some states’
ethics rules and could damage client confidence in the attorney-client relationship, was not
promulgated but remained under SEC consideration. See Giovanni P. Prezioso, Speech by
SEC Staff: Remarks Before the ABA Section of Business Law 2004 Spring Meeting (Apr. 3,
staff level we are continuing our consideration of whether to recommend that the Commission
also adopt a mandatory ‘noisy withdrawal’ rule.”); see also Ashby Jones, Sizing Up Thomas
Sjoblom’s ‘Noisy Withdrawal’, WALL ST. J. L. BLOG (Feb. 19, 2009, 4:16 PM),
May 11, 2019) (quoting attorney making “noisy withdrawal” as stating “I disaffirm all prior oral
and written representations made by me and my associates to the SEC staff regarding
Stanford Financial Group and its affiliates”). SEC Unified Agenda: Long-Term Actions,
71 FR 74326-01, 2006 WL 3741820 (Dec. 11, 2006) (stating that noisy withdrawal rule is still
under consideration). An alternative proposal that would require the corporate client, after
outside counsel withdraws from the representation for “professional considerations,” to report
the withdrawal to the SEC is technically still under consideration, but there is no prospect that
it will be adopted.

Instead of implementing either of these controversial rules, in 2003 the SEC opted for
a rule that does not demand the disclosure of privileged information. Effective August 5, 2003,
Rule 205 governs attorney conduct when an attorney appearing and practicing before the SEC
becomes aware of evidence of a “material violation” of securities laws, breach of fiduciary
duty, or similar violation by a company or its agent. 15 U.S.C.A. § 7245 (West 2017); 17
C.F.R. § 205.1 et seq. (2013). The legal community raised concerns about the broad reach of
the language in the rule, especially regarding which attorneys appear and practice before the
SEC and what constitutes sufficient wrongdoing to warrant up-the-ladder reporting. Despite
these uncertainties, the rule does not mandate the disclosure of privileged information, as the
attorney’s representation is of the entity, not a particular employee, officer, or director, and the
attorney is only required to report the violation within the client. See 17 C.F.R. § 205.3(b)(1)
(2013) (“By communicating such information to the issuer’s officers or directors, an attorney
does not reveal client confidences or secrets or privileged or otherwise protected information
related to the attorney’s representation of an issuer.”).

However, SEC Rule 205 permits – although it does not require – the reporting of
privileged information outside the corporation without client consent under certain
circumstances, and these permitted disclosures under Rule 205 differ in many instances from
states’ rules of professional responsibility. If an attorney’s compliance with the SEC standards
is at issue in any investigation, proceeding, or litigation, the attorney may disclose any report
or response made under Rule 205. Id. § 205.3(d)(1). The SEC rules also permit an attorney
to disclose to the SEC without client consent confidential information the attorney reasonably
believes necessary: (1) “[t]o prevent the issuer from committing a material violation that is
likely to cause substantial injury to the financial interest or property of the issuer or investors”; (2)
to prevent the issuer from committing or suborning perjury in an SEC investigation or
administrative proceeding or from perpetrating a fraud upon the SEC; or (3) “[t]o rectify the
consequences of a material violation by the issuer that caused, or may cause, substantial injury
to the financial interest or property of the issuer or investors in the furtherance of which the
attorney’s services were used.” Id. § 205.3(d)(2); see also Wadler v. Bio-Rad Labs., Inc., 212 F. Supp. 3d 829, 854-57 (N.D. Cal. 2016) (in action by general counsel against his former employer for alleged FCPA violations, holding that Part 205 of SOX preempted state ethical obligations to the extent they imposed stricter limits on the disclosure of privileged and confidential information in connection with whistleblower retaliation claims).

Because the interaction between the SEC standards and the respective states’ standards for attorney conduct is not completely clear, states may attempt to clarify attorneys’ obligations to maintain client confidences. The SEC has taken the position that the SEC standards of professional conduct for attorneys appearing and practicing before the SEC supplement state rules and “are not intended to limit the ability of any jurisdiction to impose additional obligations on an attorney not inconsistent with [the SEC standards],” but that the SEC rules “shall govern” when state professional responsibility rules conflict with the SEC rules. See id. § 205.1. See also Cohen v. Telsey, Civ No. 09-2033 (DRD), 2009 WL 3747059, at *18 (D.N.J. Nov. 2, 2009) (holding that New Jersey law provides a cause of action for negligent misrepresentation when an issuer’s attorney responsible for SEC filings allegedly made misrepresentations as to the issuer’s financial situation, even though 17 C.F.R. § 205.7 does not allow for such private right of action).

The Washington State Bar Association (“WSBA”) Board of Governors on July 26, 2003 approved and adopted an Interim Formal Ethics Opinion to explain the impact of the SEC rules on Washington attorneys. In a July 23, 2003 letter to the WSBA, the SEC opined that SEC rules in areas covered by SEC regulations preempt conflicting state ethics rules, including when “a state rule prohibits an attorney from exercising the discretion provided by a federal regulation.” Giovanni P. Prezioso, Public Statement by SEC Official: Letter Regarding WSBA’s Proposed Opinion on the Effect of the SEC’s Attorney Conduct Rules (July 23, 2003), http://www.sec.gov/news/speech/spch072303gpp.htm (accessed May 11, 2019). However, the WSBA Ethics Opinion concluded that Washington lawyers were obligated to adhere to Washington’s stricter rules regarding the preservation of client confidences, despite the SEC’s more permissive rules, and that an attorney acting contrary to the opinion cannot assert as a defense that he acted in “good faith” pursuant to the SEC rules’ safe harbor provision. See 17 C.F.R. § 205.6(c) (2013) (“An attorney who complies in good faith with the provisions of this part shall not be subject to discipline or otherwise liable under inconsistent standards imposed by any state or other United States jurisdiction where the attorney is admitted or practices.”). It is critical that an attorney making a disclosure under Rule 205.3(d)(2) be aware that he could be subject to disciplinary action under state standards of professional responsibility to the extent that there is conflict between the SEC and state standards.

The ABA House of Delegates responded to public concerns about corporate and attorney wrongdoing by amending Model Rules of Professional Conduct (“MRPC”) 1.6 and 1.13 in August 2003. Amended MRPC 1.6, which governs an attorney’s obligation to keep information relating to representation of a client in confidence, permits (but does not require) an attorney to reveal confidential information “to prevent the client from committing a crime or fraud that is reasonably certain to result in substantial injury to the financial interests or property of another and in furtherance of which the client has used or is using the lawyer’s services” or “to prevent, mitigate or rectify substantial injury to the financial interests or
property of another that is reasonably certain to result or has resulted from the client’s commission of a crime or fraud in furtherance of which the client has used the lawyer’s services.” Model Rules of Prof’l Conduct R. 1.6(b)(2)-(3) (2013).

Amended MRPC 1.13, governing an attorney’s representation of an organizational client, contains an up-the-ladder provision for an attorney with knowledge of “a violation of a legal obligation to the organization, or a violation of law that reasonably might be imputed to the organization” that will likely result in substantial injury to the organization, requiring the attorney to, if in the best interest of the corporation, report the matter up the ladder within the organization. Id. 1.13(b). Under certain circumstances, the attorney is permitted (but not required) to disclose information outside of the organization “only if and to the extent the lawyer reasonably believes necessary to prevent substantial injury to the organization.” Id. 1.13(c). The “organization” can refer to a governmental entity. See In re Witness Before Special Grand Jury 2000-2, 288 F.3d 289, 293 (7th Cir. 2002) (citing Model Rule 1.13 with respect to government employee’s obligation to act in the public interest).

It remains to be seen whether the states will adopt these amended Model Rules. Some states have already adopted these provisions. E.g., Ind. Rules of Prof’l Conduct 1.13(b). Adoption of the rules will close the space between SEC rules and state rules, providing more uniformity and clarity to attorneys, but could have the effect of significantly reducing the scope of applicable privileges.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) was signed into law. Designed to further regulate the financial industry and curb other perceived abuses, the Dodd-Frank Act also contained a provision allowing federal authorities to share information without waiving the attorney-client, work product or any other governmental privilege. Specifically, section 929K of the Dodd-Frank Act allows the SEC to share information with federal agencies, the PCAOB, state securities and law enforcement authorities, foreign securities or law enforcement authorities, and self-regulatory organizations without waiving privilege. Similarly, federal agencies, PCAOB, state securities and law enforcement authorities, and self-regulatory organizations may share information with the SEC without waiving any applicable privilege.

In addition, section 922 of the Dodd-Frank Act allows certain persons who submit “original information” to the SEC the opportunity to receive 10-30% of the total recovery if such information results in a successful enforcement by the SEC of such action. In May 2012, the SEC released final rules related to the whistleblower policy under section 922 of the Dodd-Frank Act. 17 C.F.R. § 240.21F (2013). In the final rules, the SEC restricted the number of people who can claim awards by disclosure of privileged information to the SEC or other regulatory body. Specifically, any person who learns of the possible violation of securities laws (or any other related claim eligible for whistleblower recovery) through privileged attorney-client communications or who brings whistleblower claims for her own benefit based on information learned through representation of a client (unless the disclosure is permitted under Rule 205, discussed above, or state attorney conduct rules) cannot recover as a whistleblower because such information is not within the definition of “independent information” or “independent analysis.” Id. § 21F-4(b)(4). Thus, any person wishing to submit a claim (including an attorney) must have an exception to the privilege rule if they wish to
recover. This sets privilege as an important issue outside the normal litigation sphere and substantially prevents attorneys and related parties from using privileged information discovered or prepared as a result of an investigation to subsequently claim an award.

In response, the New York County Lawyer’s Association (“NYCLA”) issued a formal opinion specifically addressing the issue of whether New York lawyers who act as attorneys on behalf of clients may serve as whistleblowers under the SEC’s whistleblower program. Reasoning that disclosing such confidential information acts as a conflict of interest under the New York Rules of Professional Conduct, the NYCLA opined that New York lawyers may not ethically serve as whistleblowers against their clients and collect awards under the whistleblower program. NYCLA COMMITTEE ON PROFESSIONAL ETHICS FORMAL OPINION 746 (Oct. 7, 2013). Thus, while it might be possible for an attorney to find an exception to the privilege doctrine to allow for the reporting of information, the attorney may be prevented from disclosing such information due to ethical concerns.

E. LOBBYING

Lobbying presents a particular challenge because it can be difficult to separate legal advice from political advice. The attorney-client privilege and the attorney work product doctrine may apply where the lobbyist is a lawyer or where the lobbyist is acting as an agent of a lawyer or a client.

1. Attorney-Client Privilege

Communications that relate solely to political advice or strategizing are not protected by the attorney-client privilege. For example, in In re Grand Jury Subpoenas Dated March 9, 2001, 179 F. Supp. 2d 270, 289-91 (S.D.N.Y. 2001), the court held that the attorney-client privilege did not protect communications between March Rich and Pincus Green and the lawyers who were lobbying for presidential pardons on their behalf. The court granted the government’s motion to compel, stating “[c]ommunications about non-legal issues such as public relations, the solicitation of prominent individuals or persons with access to the White House (such as Denise Rich and Beth Dozoretz) to support the Petition, and strategies for persuading the President to grant the petition are not privileged.” Id. at 291.

See:

Black v. Sw. Water Conservation Dist., 74 P.3d 462, 468-69 (Colo. App. 2003). In taxpayers’ action under Colorado’s Open Records Act seeking documents related to water district project, documents that were related to lobbying activities, including letters and memoranda to and from state and national public officials, records of Colorado Senate hearings, Senate bills, and comments of Colorado’s Attorney General, were not privileged. Documents containing legal advice on how to proceed with lobbying efforts or how to respond to plaintiffs’ Open Records Act requests were privileged, however, because “they represent[ed] legal advice regarding . . . negotiations and lobbying efforts and [were] not communications made to a public official for the purpose of influencing legislation.”

But see:

Labor Standards Act, plaintiffs moved to compel the production of communications between defendants and an industry trade association involved in lobbying. The court noted that, although communications with attorneys acting as lobbyists are not privileged, communications for the purpose of obtaining or receiving legal advice may be privileged even when the attorney is acting as a lobbyist on behalf of the client. Because defendants’ privilege log did not contain sufficient information for the court to evaluate the privilege assertions, the court ordered defendants to submit the documents at issue for in camera review.

Legal advice provided by lobbyists is protected, particularly where the legal nature of services provided is made explicit in a retainer agreement. See Vacco v. Harrah’s Operating Co., Civil Action No. 1:07-CV-0663 (TJM/DEP), 2008 WL 4793719, at *7-8 (N.D.N.Y. Oct. 29, 2008) (denying motion to compel production of communications with lobbyists where retainer agreement supported conclusion that services were predominately legal); United States v. Ill. Power Co., No. 99-cv-0833-MJR, 2003 WL 25593221, at *3 (S.D. Ill. Apr. 24, 2003) (denying government’s motion to compel production of defendants’ communications with an industry coalition). Privileged communications do not lose their privileged character merely because they are with a lobbyist or because they relate to legislation that is the subject of lobbying efforts. Id. If a lobbyist gives advice that requires legal analysis, such as interpretation or application of proposed legislation, it falls within the intended purpose of the privilege and should be protected. Id. See also United States v. Duke Energy Corp., No. 1:00-CV-1262, 2012 WL 1565228, at *12 (M.D.N.C. Apr. 30, 2012) (applying Illinois Power Co. and not finding communications with a regulatory group to be privileged).

Information that is provided to lobbyists to be disclosed to third parties in the course of lobbying efforts is not protected by the attorney-client privilege. See U.S. Postal Serv. v. Phelps-Dodge Ref. Corp., 852 F. Supp. 156, 164 (E.D.N.Y. 1994) (letter from in-house counsel describing current status of certain matters to disclose in response to concerns raised by a legislator fell outside the bounds of the privilege because it contemplated disclosure to a third party). But privileged information provided to lobbyists for their own information and kept confidential will not necessarily lose the protection of the attorney-client privilege. See Hope for Families & Cmty. Serv., Inc. v. Warren, No. 3:06-CV-1113-WKW, 2009 WL 1066525, at *12-13 (M.D. Ala. Apr. 21, 2009) (holding that disclosure of privileged documents to consultant hired to provide government relations and campaign consulting to secure a license to operate bingo did not destroy the privilege); Vacco, 2008 WL 4793719, at *7-8 (extending attorney-client privilege to counsel’s letter to lobbyists setting forth the position of his clients on a legal issue).

Status reports on lobbying activities are not protected by the attorney-client privilege. See Wolf Creek Ski Corp. v. Leavell-McCombs Joint Venture, No. CA04CV010099 JLKDLW, 2006 WL 1119031, at *2 (D. Colo. Apr. 25, 2006) (lobbying firms’ invoices identifying legislative meetings not protected by the attorney-client privilege or work product doctrine); In re Grand Jury Subpoenas Dated Mar. 9, 2001, 179 F. Supp. 2d at 291 (“The lawyers’ reports to the clients on these non-legal items and lobbying efforts are not privileged (or protected by the work product doctrine).”); N.C. Elec. Membership Corp. v. Carolina Power & Light Co., 110 F.R.D. 511, 517 (M.D.N.C. 1986) (although coordinated by the legal department, summaries of town meetings and progress reports describing defendant’s activities coordinating opposition to proposed government action was not legal advice for purposes of the attorney-client privilege because they did not refer to legal problems). But see In re Brand
Name Prescription Drugs Antitrust Litig., No. 94 C 897, 1995 WL 557412, at *3 (N.D. Ill. Sept. 19, 1995) (general counsel’s memorandum summarizing and providing legal advice regarding a conference call among general counsels of six pharmaceutical companies for purpose of discussing lobbying initiatives was protected by the attorney-client privilege).

2. Attorney Work Product

The work product doctrine may protect materials produced by or provided to lobbyists where the materials relate to a threat of litigation. See Cambrians for Thoughtful Dev., U.A., v. Didion Milling, Inc., No. 07-C-246-C, 2007 WL 5618671, at *2 (W.D. Wis. Nov. 27, 2007) (denying motion to compel production of emails exchanged with lobbyists where the emails discussed a notice of violation from the Wisconsin Department of Natural Resources). In In re Grand Jury Subpoenas Dated Mar. 9, 2001, 179 F. Supp. 2d 270, 290 (S.D.N.Y. 2001), the court rejected the application of the work product doctrine because “the lawyers were being used principally to put legal trappings on what was essentially a lobbying and political effort. . . . [T]he lawyers were engaged primarily in lobbying activity, working with and sometimes at the direction of non-lawyer public relations consultants and lobbyists.”

Some courts have held that even where the materials at issue relate to a specific threat of litigation, the work product doctrine could not apply because lobbying is an effort to avoid litigation. See Harper-Wyman Co. v. Conn. Gen. Life Ins. Co., No. 86 C 9595, 1991 WL 62510, at *3 (N.D. Ill. Apr. 17, 1991) (“While the insurance industry’s lobbying efforts may have been sparked by lawsuits against insurers, a motivation to avoid potential claims does not supply the necessary foundation for a finding that the work product privilege applies.”); P. & B. Marina, L.P. v. Logrande, 136 F.R.D. 50, 58-59 (E.D.N.Y. 1991) (ordering production of documents because defendant’s use of a lobbyist “appears to have been intended to avert litigation by applying political pressure to federal agencies”), aff’d, 983 F.2d 1047 (2d Cir. 1992).

X. PATENTS

A. PATENTS AND LEGAL ADVICE

The majority rule prior to 1963 held that the attorney-client privilege did not extend to discussions between clients and patent attorneys because such attorneys were not regarded as being involved in “legal work.” See McCook Metals L.L.C. v. Alcoa Inc., 192 F.R.D. 242, 248 (N.D. Ill. 2000) (reviewing the history of attorney-client privilege in the patent arena); Zenith Radio Corp. v. Radio Corp. of Am., 121 F. Supp. 792, 793 (D. Del. 1954). The Supreme Court’s decision in Sperry v. Florida, 373 U.S. 379 (1963), proved a watershed event, however, as the court detailed the capacities in which the patent attorney undertook to practice law.

Even after Sperry, however, the courts remained of two schools in extending the protection of the attorney-client privilege to information relayed to patent attorneys. In Jack Winter, Inc. v. Koratron Co., 50 F.R.D. 225, 227 (N.D. Cal. 1970), the court held that factual information provided to an attorney as part of the patent prosecution process could not be protected by the privilege because such communications were made simply to be relayed to
the Patent Office. Because the attorney acted as a mere “conduit” and lacked any discretion
as to what information to pass on, there was no expectation of privacy in the communication,
which precluded its privileged status. See id. at 228.

The Court of Claims in Knogo Corp. v. United States, 213 U.S.P.Q. (BNA) 936, 939
(Ct. Cl. 1980), took a more expansive approach to the issue of attorney-client privilege in the
patent context, holding that nearly all communications with such attorneys are privileged. See also McCook, 192 F.R.D. at 250. The Knogo court reasoned that the patent attorney, in
preparing the patent, is actively involved in securing the greatest possible protection for the
client, and therefore the “conduit” theory oversimplified the attorney’s role. 213 U.S.P.Q. at
940.

In In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 805-06 (Fed. Cir. 2000), the
Federal Circuit adopted the Knogo line of cases, holding that communications provided to a
patent attorney for the purpose of obtaining legal advice, as embodied in an invention record,
constitute protected communications. Even though the invention record contained portions
not relevant to legal advice, such as the listing of prior art, the court held the entire
communication protected, refusing to “dissect” the document to evaluate each part. Id. at 806.

Federal Circuit law is applied to privilege and work product issues when the materials
sought to be discovered relate to an issue of substantive patent law. In re MSTG, Inc., 675 F.3d
1337, 1341 (Fed. Cir. 2012); In re Spalding Sports Worldwide, Inc., 203 F.3d at 803-04. Thus,
the Spalding Sports decision and its progeny are controlling precedent in other Circuits with
regard to documents that only appear in the patent law context, such as patent records; for other
communications, the procedural law of the individual Circuits controls the availability of the
privilege. See, e.g., In re Google Inc., 462 F. App’x 975, 977 (Fed. Cir. 2012) (holding that
Ninth Circuit privilege law would apply because the district court’s refusal to protect the
communications at issue was not unique to patent law); Nycomed U.S. Inc. v. Glenmark
Generics Ltd., No. 08-CV-5023 (CBA)(RLM), 2009 WL 3334365, at *1 (E.D.N.Y. Oct. 14,
2009) (acknowledging that Federal Circuit law governs the scope of waiver where advice of
counsel has been raised as a defense to an assertion of willful infringement, but applying
Second Circuit law to determine whether a waiver of privilege has occurred); McCook,
192 F.R.D. at 248-52 (acknowledging Spalding Sports and detailing the historic treatment of
attorney-client privilege, but predicting that the Seventh Circuit would continue to apply a
narrow construction to such issues).

Nonetheless, the majority position is now that communications between clients and
patent attorneys are protected to the same extent that the privilege would attach to
communications with non-patent attorneys. See, e.g., Info-Hold, Inc. v. Trusonic, Inc.,
No. 1:06CV543, 2008 WL 2949399, at *3-4 (S.D. Ohio July 30, 2008) (applying Federal
Circuit law and following Spalding Sports to protect communications between plaintiff and
plaintiff’s attorney regarding patentability determination and invention protection); Kellogg v.
under general patent principles that documents created by defendant’s patent attorney or at his
direction and sent to defendant’s in-house patent and litigation specialists were protected by
attorney client privilege); SmithKline Beecham Corp. v. Apotex Corp., 232 F.R.D. 467, 473,
Haworth, Inc., No. 97 Civ. 8815 KMWHBP, 2000 WL 351411, at *2-3 (S.D.N.Y. Mar. 31, 2000) (same); MessagePhone, Inc. v. SVI Sys., Inc., No. 3-97-1813 H, 1998 WL 812397, at *1 (N.D. Tex. Nov. 18, 1998) (“[T]he current and more widely accepted view is that communications between an inventor and his attorney are privileged to the same extent as any other attorney-client communication.”); Applied Telematics, Inc. v. Sprint Comms’ns Co., Civ. A. No. 94-4603, 1996 WL 539595, at *2 (E.D. Pa. Sept. 18, 1996) (“The majority of courts have rejected the rationale of the [Jack Winter line of cases] and recognize that attorneys render legal advice in the traditional sense when helping inventors apply for patents.”). See also California Inst. of Tech. v. Broadcom Ltd., No. CV 16-3714-GW (AGRx), 2018 WL 1468371, at *1-3 (C.D. Cal. Mar. 19, 2018) (applying Spalding Sports to protect invention disclosure form sent to defendant’s internal IP committee, which included attorneys, paralegals, and engineers, in the hope of commissioning a patent because the form was an implied request for legal advice).

Even when patent agents and other administrative practitioners are not attorneys, their communications with counsel and clients may be held privileged if the practitioners are proper agents of the attorney. See, e.g., Gucci America, Inc. v. Guess?, Inc., 271 F.R.D. 58, 72 (S.D.N.Y. 2010) (the standard for the application of privilege is not whether a third-party patent agent is a licensed attorney, but rather whether the agent is supervised directly by an attorney and whether the communications were intended to remain confidential); Cargill, Inc. v. Sears Petroleum & Trans. Corp., No. CIVAS:03CV0530(DEP), 2003 WL 22225580 (N.D.N.Y. Sept. 17, 2003) (privilege extends to communications between a registered patent agent and patent prosecution counsel who retained the patent agent because such communications relate to the scope of the attorney’s engagement and are used by the attorney in providing legal advice to the client); Gorman v. Polar Electro, Inc., 137 F. Supp. 2d 223, (E.D.N.Y. 2001) (noting that courts in this circuit generally have held that the attorney-client privilege applies to confidential communications with patent agents acting under the authority and control of counsel when the communications relate to the prosecution of a patent application in the United States); Willemijn Houdstemaatschaapij BV v. Apollo Computer Inc., 707 F. Supp. 1429, 1446 (D. Del. 1989) (communications between attorney, client, and independent patent agent are privileged if patent agent is working on behalf of and under the direction of the attorney, provided that documents are not technical and unrelated to the provision of legal advice); Foseco Int’l Ltd. v. Fireline, Inc., 546 F. Supp. 22, 25, 26 (N.D. Ohio 1982) (privilege applicable to communications between American patent counsel and British patent agent acting as agent for British corporation); Congoleum Indus., Inc. v. GAF Corp., 49 F.R.D. 82, 84 (E.D. Pa. 1969), aff’d, 478 F.2d 1398 (3d Cir. 1973) (privilege held applicable where patent agent was “employed by and under the personal supervision of outside counsel whom he represented in discussions with the various [employees of the corporate client]”).

Some courts have held, however, that the privilege is inapplicable to communications between lawyers and patent agents where the agents were not under the direct personal supervision of the attorney and “essential to the lawyer’s performance of legal services.” See E.I. du Pont de Nemours & Co. v. MacDermid, Inc., Civ. Action No. 06-3383 (MLC), 2009 WL 3048421 (D.N.J. Sept. 17, 2009) (declining to apply privilege to third-party patent agent because she was not acting under the authority and control of counsel); Burton v. R.J. Reynolds
Tobacco Co., 200 F.R.D. 661 (D. Kan. 2001) (document primarily concerning scientific research with no connection to the rendering of legal advice is not privileged).

Prior to 2016, some courts extended the attorney-client privilege to non-lawyer patent agents, reasoning that the underlying basis of the privilege, certain policy considerations, and the role played by patent agents as “professional legal advisers” with respect to proceedings before the United States Patent and Trademark Office (“PTO”) warranted the extension. See, e.g., Buyer’s Direct Inc. v. Belk, Inc., No. SACV 12-00370-DOC, 2012 WL 1416639 (C.D. Cal. Apr. 24, 2012) (extending attorney-client privilege to patent agents due to congressional goal of allowing clients to utilize either attorneys or patent agents in proceedings before the USPTO, but limiting the patent agent-client privilege to “communications related to presenting and prosecuting applications before the USPTO” and not post-issuance communications); Mold-Masters Ltd. v. Husky Injection Molding Sys., Ltd., No. 01 C 1576, 2001 WL 1268587 (N.D. Ill. Nov. 15, 2001); accord Dow Chem. Co. v. Atl. Richfield Co., 227 U.S.P.Q. 129, 1985 WL 71991 (E.D. Mich. Apr. 23, 1985); In re Ampicillin Antitrust Litig., 81 F.R.D. 377, 25 Fed. R. Serv. 2d 1248 (D.D.C. 1978). Meanwhile, other courts held that communications to a non-lawyer patent agent who was authorized to practice before the PTO were not protected by the attorney-client privilege unless the purpose of the communication was to obtain legal advice from an attorney. See, e.g., Agfa Corp. v. Creo Prods., Inc., No. Civ. A 00-10836-GAO, 2002 WL 1787534, at *2 (D. Mass. Aug. 1, 2002), abrogated on other grounds by In re Queen’s University, 820 F.3d 1287 (Fed. Cir. 2016).

In 2016, the Federal Circuit recognized the existence of a patent-agent privilege to protect communications between non-lawyer patent agents and their clients, provided the communications were reasonably necessary and incident to the prosecution of patents before the PTO. See In re Queen’s University at Kingston, 820 F.3d 1287, 1298, 1301 (Fed. Cir. 2016). In so holding, the court explained that the prosecution of patent applications before the PTO constitutes the practice of law. Id. at 1296. The court nonetheless cautioned that the scope of the patent-agent privilege is not as expansive as the scope of the attorney client privilege. Id. at 1301-02. Specifically, the Federal Circuit limited the patent-agent privilege to those responsibilities patent agents are authorized to engage in by Congress and set forth in 37 C.F.R. § 11.5(b)(1) – namely, communications related to the patent agent’s representation of the client in the procurement or protection of patent rights before the PTO. Id. Other communications, such as a patent agent’s opinion on the validity of a third-party patent in contemplation of a federal district court lawsuit, would not be privileged unless they were in contemplation of an ex parte reexamination or inter partes filing before the PTO. Id. See also TCL Commc’ns Tech. Holdings Ltd. v. Telefonaktenbologet LM Ericsson, No. SACV1400341JVSANX, 2016 WL 6921124, at *3 (C.D. Cal. May 3, 2016) (following the Federal Circuit in recognizing a patent-agent privilege that is narrower than but substantially overlaps with the attorney-client privilege). But see In re Silver, 500 S.W.3d 644, 646 (Tex. App. 2016) (declining to follow In re Queen’s University in a breach of contract case upon the reasoning that the state privilege law, rather than federal privilege law, governed a state law claim).

Several cases have held that the attorney-client privilege is inapplicable to information that is material to applications filed with the PTO, because the duty of complete candor to the PTO in ex parte proceedings requires the disclosure of all material facts. See, e.g., Synair
At least two courts have held that a showing that an attorney omitted material evidence from a patent application makes out a prima facie case of fraud, destroying the privilege. Specialty Minerals, Inc. v. Pleuss-Stauffer AG, No. 98 Civ. 7775(VM)(MHD), 2004 WL 42280 (S.D.N.Y. Jan. 7, 2004) (because plaintiff made prima facie showing for the crime-fraud exception where a patent holder had knowingly withheld information of prior art at the time of its initial application and again in its subsequent application for re-examination, the court ordered counsel who prepared the application for re-examination to testify about his communications with his client regarding prior art and its relationship to the patent); Bulk Lift Int’l Inc. v. Flexcon & Sys., Inc., 122 F.R.D. 493, 496 (W.D. La. 1988).

B. WAIVER OF PRIVILEGE AND THE GOOD FAITH RELIANCE ON ADVICE OF COUNSEL DEFENSE TO WILLFUL INFRINGEMENT

In infringement cases, a finding of willfulness can result in an award of trebled damages. See 35 U.S.C. § 284. To rebut an assertion of willfulness, a party may raise a defense of good faith reliance on the opinion of counsel that the conduct at issue was not infringing. Because a party may not use privilege as both sword and shield, “[w]here a party relies upon an advice of counsel defense, the assertion of that defense gives rise to potential waiver of attorney-client privilege and work product immunity based on fairness concerns.” Verizon Cal. Inc. v. Ronald A. Katz Tech. Licensing, L.P., 266 F. Supp. 2d 1144, 1148 (C.D. Cal. 2003) (citing Chevron Corp. v. Pennzoil Co., 974 F.2d 1156, 1162-63 (9th Cir. 1992); Chiron Corp. v. Genentech, Inc., 179 F. Supp. 2d 1182, 1186 (E.D. Cal. 2001)). See also Optimumpath, LLC v. Belkin Int’l, Inc., No. C 09-1398 CW (MEJ), 2010 WL 2348665, at * 4 (N.D. Cal. June 8, 2010) (denying party’s request for further production of privileged documents because no showing had been made that the party holding the privilege had relied upon the communications at issue in attempting to secure a legal right or supporting its position in the current litigation); Pall Corp. v. Cuno Inc., 268 F.R.D. 167, 170 (E.D.N.Y. 2010) (finding that the assertion of a “good faith” reliance on patent counsel’s “thoughts and mental impressions” as a “shield” to allegations of inequitable conduct precluded the use of such communications as a “sword,” as well); Solomon v. Kimberly-Clark Corp., No. 98 C 7598, 1999 WL 89570, at *2 (N.D. Ill. Feb. 12, 1999).
For years, the Federal Circuit’s decisions in Underwater Devices Inc. v. Morrison-Knudsen Co., 717 F.2d 1380 (Fed. Cir. 1983), overruled by In re Seagate Tech., LLC, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc), abrogated on other grounds by Halo Elecs., Inc. v. Pulse Elecs., Inc., 136 S. Ct. 1923 (2016), and established an affirmative duty for alleged infringers to obtain competent legal advice before commencing or continuing the allegedly infringing activity. The Federal Circuit also held that failure to rely on the advice of counsel defense and waive attorney-client privilege could lead to an adverse inference of willful infringement. See, e.g., Electro Med. Sys., S.A. v. Cooper Life Scis., Inc., 34 F.3d 1048, 1056 (Fed. Cir. 1994) (“[W]e have held that when an infringer refuses to produce an exculpatory opinion of counsel in response to a charge of willful infringement, an inference may be drawn that either no opinion was obtained or, if an opinion was obtained, it was unfavorable.”) (citations omitted).

In 2004, however, the Federal Circuit began an extensive overhaul of its decisions in this area. First, the court expressly overruled the adverse inference that had applied when a party relied on the advice of counsel defense but did not produce any opinion of counsel, holding that the failure to obtain such an opinion, or a refusal to produce the opinion after relying on it, should not give rise to an inference of willful infringement. See Knorr-Bremse Systeme Fuer Nutzfahrzeuge GMBH v. Dana Corp., 383 F.3d at 1344-45; Insituform Techs., Inc. v. Cat Contracting, Inc., 518 F. Supp. 2d 876, 893-95 (S.D. Tex. 2007) (finding, in light of Knorr-Bremse’s elimination of the adverse inference, that plaintiff, an owner of a patent for underground pipe repair method, did not meet its burden of proving defendant’s willful infringement under the totality-of-the-circumstances analysis when plaintiff did not introduce evidence of the opinions defendant obtained or challenge the competency of those opinions).

After Knorr-Bremse, it was uncertain whether the duty of due care standard announced in Underwater Devices, which included “the duty to seek and obtain competent legal advice from counsel,” still applied. Indeed, some courts still permitted a party’s failure to obtain opinions as one factor in evaluating the existence of willful infringement. See Broadcom Corp. v. Qualcomm Inc., 543 F.3d 683, 697-702 (Fed. Cir. 2008) (finding that a defendant’s failure to obtain non-infringement opinion letters could be considered, along with other factors, to support an induced infringement claim, even though such evidence could not be used to create an adverse inference of an unfavorable opinion to support a willful infringement claim). In 2007, however, the Federal Circuit overruled the duty of care standard set out in Underwater Devices and expressly held that there was no affirmative obligation to obtain an opinion of counsel. In re Seagate, 497 F.3d at 1371. The court held that a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent, and that this objective risk was either known or so obvious that it should have been known to the accused infringer. In re Seagate, 497 F.3d at 1371. Courts thereafter began following In re Seagate.

See:

Bard Peripheral Vascular, Inc. v. W.L. Gore & Assoc., 670 F.3d 1171, 1190 (Fed. Cir. 2012), vacated by 682 F.3d 1003, 1005-08 (Fed. Cir. 2012) (en banc). Court vacated holding of willfulness and remanded so that objective recklessness prong could be decided by district court as a question of law rather than a question of fact. Relying on Seagate, the court stated that a favorable advice of counsel opinion “is not dispositive of the willfulness inquiry.”
Metso Minerals, Inc. v. Powerscreen Int’l Distrib. Ltd., 833 F. Supp. 2d 282, 308 (E.D.N.Y. 2011), reversed on other grounds by 526 F. App’x 988 (Fed. Cir. 2013). The court denied the accused infringer’s motion for a new trial and held that jury may consider failure to obtain an opinion of counsel as a factor in assessing willfulness.

Presidio Components, Inc. v. Am. Technical Ceramics Corp., 723 F. Supp. 2d 1284, 1323-25 (S.D. Cal. 2010), vacated in part on other grounds, 702 F.3d 1351 (Fed. Cir. 2012) (vacating false marking claims). Failure to seek advice of counsel, while not grounds for an adverse inference, is a factor the jury may consider in determining willful infringement; however, that one factor alone was not sufficient on its own to demonstrate by clear and convincing evidence that infringement was willful.


In 2016, the Supreme Court in Halo Electronics, Inc. v. Pulse Electronics, Inc., 136 S. Ct. 1923, 1934 (2016), rejected the two-part test for willful infringement laid out in In re Seagate. The Court instead articulated a more relaxed standard that provides district courts with discretion in making determinations of willful infringement. It remains to be seen, however, how the standard articulated in Halo will affect the advice of counsel defense to willful infringement. Nonetheless, the case law addressing the advice of counsel defense pre-Halo will provide helpful guidance and persuasive reasoning to the court.

1. Scope Of The Waiver

In re EchoStar Communications Corp., 448 F.3d 1294 (Fed. Cir. 2006), provides guidance as to how courts prior to Halo treated the scope of waiver when an accused infringer asserted advice of counsel as a defense to willful infringement. In that case, the Federal Circuit stated that reliance on the advice of counsel results in the waiver of the privilege for any attorney-client communications relating to the same subject matter, even communications with counsel upon whose opinion the party ultimately does not rely. First, the court held that the advice of counsel defense waived privilege equally “[w]ether counsel is employed by the client or hired by outside contract.” Id. at 1299.

See also:

Reedhycalog UK, Ltd. v. Baker Hughes Oilfield Operations Inc., 251 F.R.D. 238, 242-43 (E.D. Tex. 2008). Court ordered defendant who asserted an advice-of-counsel defense to produce unredacted portions of its email correspondence with counsel. Redacted versions of the email correspondence related to the issue of whether defendant acted with objective recklessness when it relied on counsel’s opinion that plaintiff’s patents were invalid or unenforceable.

V. Mane Fils S.A. v. Int’l Flavors & Fragrances, Inc., 249 F.R.D. 152 (D.N.J. 2008). Patent infringement defendant’s disclosure of patent counsel opinion letters to potential customers waived the attorney-client privilege for all documents surrounding the opinions. Plaintiff sought production of the opinion letters as well as all documents, statements, and communications surrounding defendant’s solicitation and direction regarding the opinions, including in-house patent counsel’s discussions regarding the opinions. Defendant, relying on Seagate, argued that the defendant’s state of mind regarding willfulness should be bifurcated and was not currently relevant. The court rejected
defendant’s argument, finding that disclosure of the opinions had resulted in a broad subject matter waiver, requiring immediate production of the requested documents.

Second, EchoStar held that despite the broad subject matter waiver triggered by the advice of counsel defense, an opposing party cannot obtain attorney opinion work product that was never given to the client. 448 F.3d at 1304. The court reasoned: “if a legal opinion or mental impression was never communicated to the client, then it provides little if any assistance to the court in determining whether the accused knew it was infringing, and any relative value is outweighed by the policies supporting the work-product doctrine.” Id. Therefore, documents that discuss a communication between attorney and client concerning the subject matter of the case but that were not themselves communicated to the client – such as an internal memorandum referencing a phone call with the client in which the client’s potential infringement was discussed – must be produced because they “will aid the parties in determining what communications were made to the client and protect against intentional or unintentional withholding of attorney-client communications from the court.” Id. Yet, the court noted that redaction of legal analysis not communicated to the client may be appropriate. Id.

See also:

In re Smirman, 267 F.R.D. 221, 225 (E.D. Mich. 2010). In a patent infringement action, defendant waived privilege—including privilege that otherwise applied to communications with a non-party’s counsel pursuant to a common interest agreement—by asserting an advice-of-counsel defense. However, the scope of waiver was limited to materials received by the defendant.

SPX Corp. v. Bartec USA, L.L.C., 247 F.R.D. 516 (E.D. Mich. 2008). Asserting advice of counsel did not waive privilege over documents that were not communicated to the client and which did not refer to lawyer-client conversations.

Third, Echostar weighed in on a disagreement among courts regarding the temporal scope of the waiver – some courts extended the waiver to trial counsel in the ongoing litigation, whereas others drew distinctions to preserve protection during litigation. Compare Akeva L.L.C. v. Mizuno Corp., 243 F. Supp. 2d 418, 423 (M.D.N.C. 2003) (“once a party asserts the defense of advice of counsel, this opens to inspection the advice received during the entire course of the alleged infringement”), with Sharper Image Corp. v. Honeywell Int’l Inc., 222 F.R.D. 621, 643 (N.D. Cal. 2004) (“disabling a defendant from having a confidential relationship with its lead trial counsel about matters central to the case would cause considerable harm to the values that underlie the attorney-client privilege and the work product doctrine,” placing a defendant at a “considerable disadvantage”): see also Intex Recreation Corp. v. Team Worldwide Corp., 439 F. Supp. 2d 46, 52 (D.D.C. 2006) (where opinion counsel and trial counsel are the same, “waiver extends only to those trial counsel work product materials that have been communicated to the client and which contain conclusions or advice that contradict or cast doubt on the earlier opinions”) (citation and internal quotation marks omitted). The Echostar court noted without discussion that the waiver extends to opinions created after litigation begins “when the advice is relevant to ongoing willful infringement, so long as that ongoing infringement is at issue in the litigation.” Id. at 1302 n.4 (citing Akeva, 243 F. Supp. 2d at 423).
See also:

Se-Kure Controls, Inc. v. Diam USA, Inc., No. 06C4857, 2008 WL 169029, at *2-3 (N.D. Ill. Jan. 17, 2008). In light of defendant’s advice-of-counsel defense, court compelled production of CDs and email attachments that defendant’s trial counsel provided to defendant’s opinion counsel before opinion counsel’s deposition and prior to litigation being filed.


Although Echostar resolved several questions, it left open just as many. The Federal Circuit decided sua sponte to hear In re Seagate en banc in order to resolve them. In addition to revising the standard for willful infringement, the court addressed: (1) whether the waiver extends to communications with a party’s trial counsel; and (2) the effect of the waiver on work product immunity. The court answered the first question in the negative; absent “chicanery,” “asserting the advice of counsel defense and disclosing opinions of opinion counsel do not constitute waiver of the attorney-client privilege for communications with trial counsel.” In re Seagate, 497 F.3d at 1374-75. The decision was based on the differing functions of opinion and trial counsel: “Whereas opinion counsel serves to provide an objective assessment for making informed business decisions, trial counsel focuses on litigation strategy and evaluates the most successful manner of presenting a case to a judicial decision maker . . . in an adversarial process.” Id. at 1373. Such situation is not one in which a party is trying to use the privilege as both a shield and a sword. Moreover, the zone of privacy that the attorney-client privilege creates should not lightly be denied: “In most cases, the demands of our adversarial system of justice will far outweigh any benefits of extending waiver to trial counsel.” Id.

Tyco Healthcare Grp. LP v. E-Z-EM, Inc., No. 2:07-CV-262 (TJW), 2010 WL 2079920, at *3 (E.D. Tex. May 24, 2010). The court differentiated between trial counsel and patent opinion counsel on the basis that they “typically serve separate and distinct functions.” That is, “opinion counsel serves to provide an objective assessment for making informed business decisions” and “trial counsel focuses on litigation strategy and evaluates the most successful manner of presenting a case to a judicial decision maker” (quoting In re Seagate, 497 F.3d at 1373). However, because defendant in this case “blurred that distinction by allowing opinion counsel to join the trial team” and asserted an advice of counsel defense, privilege was waived as to all communications with opinion counsel on the same subject matter included in the opinion letter, including those communications involving the rest of the trial team.

2. Bifurcating Trial And Staying Discovery

With the relaxation of the Seagate standard, accused infringers may still find themselves facing the choice of risking treble damages or disclosing privileged material. In
such cases, the possible prejudice from discovery of privileged information may be reduced by a bifurcated trial. The alleged infringer can request separate trials for liability and damages and a stay of willfulness discovery unless and until there is a finding of liability. In *Johns Hopkins University v. CellPro*, 160 F.R.D. 30 (D. Del. 1995), the court described the standard scenario of cases wherein a bifurcated trial is requested:

The current convention in patent litigation strategy is as follows: the patent owner opens with a claim for willful infringement; the alleged infringer answers by denying willful infringement and asserts good faith reliance on advice of counsel as an affirmative defense; then the owner serves contention interrogatories and document requests seeking the factual basis for that good faith reliance defense and the production of documents relating to counsel’s opinion; the alleged infringer responds by seeking to defer responses and a decision on disclosure of the opinion; the owner counters by moving to compel; and the alleged infringer moves to stay discovery and for separate trials.

*Id.* at 34.

The Federal Circuit has stated that separate trials are warranted under certain circumstances: “An accused infringer . . . should not, without the trial court’s careful consideration, be forced to choose between waiving the privilege in order to protect itself from a willfulness finding, in which case it may risk prejudicing itself on the question of liability, and maintaining the privilege, in which case it may risk being found to be a willful infringer if liability is found.” Trial courts thus should give serious consideration to a separate trial on willfulness whenever the particular attorney-client communications, once inspected by the court *in camera*, reveal that the defendant is indeed confronted with this dilemma.” *Quantum Corp. v. Tandon Corp.*, 940 F.2d 642, 643-44 (Fed. Cir. 1991) (citation omitted). *See also Belden Techs. Inc. v. Super. Essex Commc’ns LP*, 733 F. Supp. 2d 517, 523 n.2 (D. Del. 2010) (noting the court’s standard practice of bifurcating discovery and trial on the issues of willfulness and damages). *Static Control Components, Inc. v. Lexmark Int’l, Inc.*, 749 F. Supp. 2d 542 (E.D. Ky. 2010) (determining that the bifurcation of trial into two phases had not been in error because a district court has broad discretion to bifurcate issues of liability and damages based on the consideration of principles of “fairness to the parties”). *But see Nielsen v. Alcon, Inc.*, No. 3:08-CV-02239-B, 2010 WL 1063429, at *1-2 (N.D. Tex. Mar. 22, 2010) (citation omitted) (finding that, other than cost and potential time consumption, there were no extenuating circumstances, including waiver of privilege shadowing the determination of liability, that would normally justify the bifurcation of a patent trial); *WebXchange Inc. v. Dell Inc.*, 2009 WL 5173485, at *3 (D. Del. Dec. 30, 2009) (denying defendants’ motion to bifurcate because such bifurcation “[would] not promote the efficient adjudication of the parties’ disputes” because of the potential for the presentation of duplicative evidence) (citations omitted); *Trading Techs. Int’l, Inc. v. eSpeed, Inc.*, 431 F. Supp. 2d 834, 841 (N.D. Ill. 2006) (declining to bifurcate trial because plaintiff would be irreparably prejudiced by “substantial delay in final determination of action” and by having to “present the same evidence in two separate trials”).

Factors that a court may consider when determining whether to bifurcate trial and stay discovery include: (1) “whether a stay of discovery is uneconomical and a waste of judicial
resources”; (2) “whether a needless delay will be created”; (3) “the complexity of the case”; (4) “potential juror confusion”; (5) “the stage of the litigation at which the request is made”; (6) “whether any delay in filing such motion was a tactical strategy”; (7) “the overlap of evidence and witnesses between liability and willfulness”; (8) “the prejudice to patent owner by delaying the ultimate conclusion of the case”; (9) “the risk of prejudice as to the liability issues which may result from disclosure”; and (10) “the prejudice of having counsel who wrote the opinions disqualified as trial counsel.” Valois of Am., Inc. v. Risdon Corp., No. 3:95 CV 1850 AHN, 1998 WL 1661397, at *3 (D. Conn. Dec. 18, 1998) (citing cases denying and granting bifurcation).

Some courts have denied motions to bifurcate trial and stay discovery on willfulness but have spoken favorably of multi-phase trials before the same jury for which evidence of willfulness would not be introduced until the damages portion of the trial. See Belmont Textile Mach. Co. v. Superba, S.A., 48 F. Supp. 2d 521, 526 (W.D.N.C. 1999); CellPro, 160 F.R.D. at 36.

See also:

Monsanto Co. v. E.I. DuPont de Nemours & Co., No. 4:09CV00686, 2011 WL 322672, at *1-2 (E.D. Mo. Jan. 31, 2011). The court held that bifurcation of willful infringement was not warranted because the defendants had repeatedly pressed for an expedited resolution to the case, and bifurcating and staying discovery on willful infringement would not be efficient.

WebXchange Inc. v. Dell Inc., Nos. 08-132-JJF, 08-133-JJF, 2009 WL 5173485, at *3 (D. Del. Dec. 30, 2009). The court denied defendants’ motion to bifurcate trial of issue of inequitable conduct from trial of issues of infringement and invalidity because such bifurcation “[would] not promote the efficient adjudication of the parties’ disputes” (citations omitted).

Computer Assocs. Int’l, Inc. v. Simple.com, Inc., 247 F.R.D. 63, 67, 69 (E.D.N.Y. 2007). Court denied plaintiff’s motions for bifurcation of trial and stay of discovery after considering three factors: (1) efficient use of resources; (2) benefit of bifurcation on juror comprehension; and (3) repetition of evidence presented. In deciding whether to stay discovery on plaintiff’s opinion of counsel defense pending motion for summary judgment, the court considered five factors: (1) the merit of the claim; (2) the burden of discovery; (3) the risk of unfair prejudice; (4) the nature and complexity of litigation; and (5) the posture of litigation.

But see:

Mike’s Train House, Inc. v. Broadway Ltd. Imports, LLC, No. JKB-09-2657, 2011 WL 1045630, at *1-3 (D. Md. Mar. 17, 2011). The court granted the accused infringer’s motion to bifurcate, finding that not to do so would require defendant to assert an advice of counsel defense, which would result in waiver.

Static Control Components, Inc. v. Lexmark Int’l, Inc., 749 F.Supp.2d 542, 552-54 (E.D. Ky. 2010). In considering post-trial motion for new trial, the court determined that the bifurcation of trial into two phases (the first covering infringement-related affirmative claims and defenses and the second covering damages-related issues, including willfulness) had not been in error. Noting that a district court has broad discretion to bifurcate issues of liability and damages, the court reiterated its previous view that, after consideration of principles of “fairness to the parties,” bifurcation of that matter “served the interests of convenience, efficiency, and economy, without prejudicing [defendant] or any other party.” The court therefore denied the motion for new trial on that basis.
C. THE INEQUITABLE CONDUCT DEFENSE AND THE CRIME-FRAUD EXCEPTION

Parties asserting the affirmative defense of inequitable conduct in a patent action often seek discovery of privileged communications between the patent holder and its counsel under the crime-fraud exception. Despite several opinions distinguishing between the standard for proving inequitable conduct as broader than the \textit{prima facie} showing of fraud needed for the crime-fraud exception, the two standards may have grown more in sync with the Federal Circuit’s en banc decision in \textit{Therasense, Inc. v. Becton, Dickinson & Co.}, 649 F.3d 1276, 1285-92 (Fed. Cir. 2011).


1. a representation of a material fact,
2. the falsity of that representation,
3. the intent to deceive or, at least, a state of mind so reckless as to the consequences that it is held to be the equivalent of intent (scienter),
4. a justifiable reliance upon the misrepresentation by the party deceived which induces him to act thereon, and
5. injury to the party deceived as a result of his reliance on the misrepresentation.

\textit{Id.} (citing \textit{In re Spalding Sports Worldwide, Inc.}, 203 F.3d 800, 807 (Fed. Cir. 2000), and \textit{Nobelpharma AB v. Implant Innovations, Inc.}, 141 F.3d 1059, 1070 (Fed. Cir. 1998)); see also \textit{Vardon Golf Co. v. Karsten Mfg. Corp.}, 213 F.R.D. 528, 535 (N.D. Ill. 2003) (ruling that the crime-fraud exception required “(1) a \textit{prima facie} showing of fraud, and (2) [a showing that] the communications in question are in furtherance of the misconduct”). “[I]ndependent and clear evidence must establish a \textit{prima facie} case of fraud” for the crime-fraud exception. \textit{Id.}

Inequitable conduct is an equitable and affirmative defense to patent infringement that provides the remedy of patent unenforceability. \textit{Therasense}, 649 F.3d at 1285. The “judge-made doctrine evolved from a trio of Supreme Court cases that applied the doctrine of unclean hands to dismiss patent cases involving egregious misconduct.” \textit{Id.} Over time, the doctrine evolved to provide the remedy of patent unenforceability and to require proof “that the applicant misrepresented or omitted material information with the specific intent to deceive the [U.S. Patent and Trademark Office (“PTO”).]” \textit{Id.} at 1287 (citing \textit{Star Scientific Inc. v. R.J. Reynolds Tobacco Co.}, 537 F.3d 1357, 1365 (Fed. Cir. 2008)). These elements of materiality and specific intent to deceive the PTO must be proven with clear and convincing evidence. \textit{Id.}

Because “inequitable conduct emerged from unclean hands, the standards for intent to deceive and materiality have fluctuated over time.” \textit{Id.} at 1287-88. The Federal Circuit has used five different tests for materiality including an objective “but for” standard, where the
examiner otherwise would not have allowed the patent to issue but for the misrepresentation or omitted reference, and a “reasonable examiner” standard, where there is a substantial likelihood that a reasonable examiner would consider the information important in deciding whether to allow the application to issue. Digital Control, Inc. v. Charles Mach. Works, 437 F.3d 1309, 1314-16 (Fed. Cir. 2006). At times the Federal Circuit “espoused low standards for the intent requirement,” such as findings of “gross negligence or even negligence,” and also allowed the “sliding scale” of “a reduced showing of intent if the record contained a strong showing of materiality, and vice versa.” Therasense, 649 F.3d at 1288.

In the past, the Federal Circuit had rejected the argument that the standards for a prima facie case of inequitable conduct and common law fraud “are substantially the same, if not identical.” Spalding Sports, 203 F.3d at 807; see also Info-Hold, Inc. v. Trusonic, Inc., No. 1:06CV543, 2008 WL 2949399, at *6-7 (S.D. Ohio July 30, 2008) (finding that conduct might qualify as inequitable conduct but did not constitute prima facie evidence of fraud sufficient to trigger disclosure under the crime-fraud exception); Vardon Golf Co., 213 F.R.D. at 535 (“Inequitable conduct, however, is distinguishable as a lesser offense than common law fraud, and includes types of conduct less serious than ‘knowing and willful’ fraud.”); Stryker Corp., 148 F.R.D. at 497 (holding that “more than a mere showing of circumstantial evidence indicating inequitable conduct before the PTO must be alleged to in order to vitiate the attorney-client privilege”); Research Corp. v. Gourmet’s Delight Mushroom Co., 560 F. Supp. 811, 820 (E.D. Pa. 1983) (holding that based on American Optical Corp. v. United States, 179 U.S.P.Q. 682, 684 (Ct. Cl. 1973), proof of inequitable conduct is not sufficient to establish a prima facie case of fraud for the crime-fraud exception). In Nobelpharma AB v. Implant Innovations, Inc., 141 F.3d 1059, 1069-71 (Fed. Cir. 1998), the court held that inequitable conduct was insufficient to satisfy the crime-fraud standard because it is “a broader, more inclusive concept than the common law fraud needed to support [] Walker Process” and “includes types of conduct less serious than ‘knowing and willful’ fraud.” A finding of fraud “requires higher threshold showings of both intent and materiality than does a finding of inequitable conduct” and “must be based on independent and clear evidence of deceptive intent together with a clear showing of reliance, i.e., that the patent would not have issued but for the misrepresentation or omission.” Id. at 1070; see also WebXchange, Inc. v. Dell, Inc., 264 F.R.D. 123, 129 (D. Del. 2010) (explaining that defendants’ inequitable conduct allegations were “insufficient for a prima facie showing of fraud”); Abbott Lab. v. Andrx Pharm., 241 F.R.D. 480 (N.D. Ill. 2007) (noting that in the patent context, a court may find inequitable conduct by balancing the materiality of the nondisclosure against evidence of intent, while in order to find fraud, intent may not be balanced).

In the en banc Therasense opinion, the Federal Circuit sought to “tighten the standard[] for finding both intent and materiality” in order to correct “unintended consequences” of low standards creating an inequitable conduct doctrine that “plagued not only the courts but also the entire patent system.” 649 F.3d at 1289. For materiality, the Federal Circuit held that “but for” materiality would be required. Id. at 1291. For example, if the allegation of inequitable conduct is based on a withheld reference, the court must determine whether the PTO would have allowed the claim if it had been aware of undisclosed reference. Id. However, the Federal Circuit recognized an exception to the “but for” causation requirement for “affirmative egregious misconduct,” “such as the filing of an unmistakably false affidavit.” Id.
In addition, the Federal Circuit restated its previous ruling that “[i]ntent and materiality are separate requirements” and cannot be placed on a sliding scale in which “a weak showing of intent may be found sufficient based on a strong showing of materiality, and vice versa.” Id. at 1290. “[A] district court may not infer intent solely from materiality.” Id. Instead, the specific intent to deceive the PTO must be proven, and a “should have known” standard of negligence or gross negligence is not sufficient. Id. If more than one reasonable inference may be drawn, intent to deceive cannot be found. Id. at 1290-91.

Now that the inequitable conduct standard has been tightened, the standard may now be closer to the standard for the crime-fraud exception. In Therasense, prior to stating the tightened standards, the Federal Circuit noted in dicta that “[a] finding of inequitable conduct may also prove the crime or fraud exception to the attorney-client privilege.” Id. at 1288 (citing Spalding, 203 F.3d at 807). See also Unigene Labs., Inc. v. Apotex, Inc., 655 F.3d 1352, 1358 (Fed. Cir. 2011) (Federal Circuit affirmed rejection of crime-fraud exception “because the record [was] devoid of sufficient intent evidence”); Ergo Licensing, LLC v. CareFusion 303, Inc., 263 F.R.D. 40, 45 (D. Me. 2009) (declining to order production of documents under the crime-fraud exception because the “documents [did] not show any evidence that [the clients] were ‘involved in the ‘continuation’ of the alleged fraud; rather, the issue in the documents [was] how to correct” previous misstatements and their effects).

Since Therasense, at least one district court has equated inequitable conduct to fraud and stated that “[i]nequitable conduct can satisfy the crime-fraud exception to the attorney-client privilege.” Kenall Mfg. Co. v. H.E. Williams, Inc., No. 09-C-1284, 2012 WL 4434370, at *1-5 (N.D. Ill. Sept. 24, 2012) (citing Therasense, 649 F.3d at 1289), noting that the Federal Circuit regards the crime-fraud exception as an extreme remedy, and holding that proponent failed to provide “clear evidence of deceptive intent together with clear showing of reliance”). In comparison, another district court has stated that it is “unconvinced that the Therasense, Inc. standard [for finding specific intent to deceive] has been imported into the crime-fraud context.” Shelbyzyme, LLC v. Genzyme Corp., No. 09-768-GMS, 2013 WL 3229964, at *2 n.2 (D. Del. June 25, 2013) (denying motion to reconsider grant of crime-fraud exception and noting that specific intent was demonstrated under either Therasense, Inc. v. Becton, Dickinson & Co., 649 F.3d 1276, 1289 (Fed. Cir. 2011), or the crime-fraud standard espoused in Unigene Labs., Inc. v. Apotex, Inc., 655 F.3d 1352 (Fed. Cir. 2011)), petition for writ of mandamus denied by In re Shelbyzyme LLC, 547 F. App’x 1001, 1002 (Fed. Cir. 2013).

D. APPLICATION OF PRIVILEGE TO FOREIGN PATENT AGENT COMMUNICATIONS

Increased globalism in the world economy has caused United States courts to confront privilege issues as they relate to foreign patent agents who may assist in the prosecution of foreign patents. Because foreign patent agents are not licensed attorneys, their communications may not be subject to attorney-client privilege. Courts considering whether such communications are privileged may take into account a variety of factors, such as the privilege and discovery rules of a particular foreign country, the parties’ intentions and expectations that the communications would be protected, the foreign countries’ interests in protecting the communications, the patent agents’ functions in representing clients, and the nature of the communications with the patent agents. When litigating this issue, it is important
to note how the particular jurisdiction approaches the issue as well as how courts generally have ruled regarding the communications of patent agents from a particular country.

In the past, some courts have applied a strict rule that the communications of foreign patent agents not acting under the direction of a United States attorney are not protected by the attorney-client privilege. In Status Time Corp. v. Sharp Electronics Corp., 95 F.R.D. 27 (S.D.N.Y. 1982), defendant filed a motion to compel plaintiff to produce documents regarding plaintiff’s foreign patent applications. The court took the view that the attorney-client privilege did not apply, noting that the foreign patent agents were neither licensed U.S. attorneys nor agents of U.S. attorneys. Id. at 33. The court declined to recognize the foreign patent agent communications as privileged, analogizing patent agents to professionals such as accountants, bankers, and investment advisors, and stating that “the necessity for ‘unrestricted and unbounded confidence’ between a client and his attorney which justifies the uniquely restrictive attorney-client privilege simply does not exist in the other relationships.” Id.; see also Novamont N. Am. Inc. v. Warner-Lambert Co., No. 91 Civ. 6482 (DNE), 1992 WL 114507, at *3 (S.D.N.Y. May 6, 1992) (refusing to recognize privilege for foreign patent agent communications).

Today, the majority of courts apply some variation of a choice-of-law/comity analysis to determine whether communications with a foreign patent agent are privileged. A majority of courts follow the “touching base” approach that originated in Duplan Corp. v. Deering Milliken, Inc., 397 F. Supp. 1146, 1169-70 (D.S.C. 1974). Under this approach, the court first determines whether the communication involves, or “touches base” with, U.S. or foreign law, and then examines the applicable law for privilege. See, e.g., In re IPCom GmbH & Co., KG, 428 F. App’x 984, 985-86 (Fed. Cir. 2011) (applying U.S. privilege law because (i) patentee failed to show that a conflict existed between German and United States law, and (ii) the patentee could not use German discovery laws to shield itself from the potential consequences of inequitable conduct allegations by protecting otherwise discoverable documents “under the guise of international comity”); Gucci Am., Inc. v. Guess?, Inc., 271 F.R.D. 58, 66, 68 (S.D.N.Y. 2010) (applying U.S. privilege law because (1) the communications at issue “touch[ed] base,” that is, had a “more than incidental connection,” with the United States, and (2) application of foreign law absent definitive evidence that the foreign country recognized an analogous privilege scheme would violate the forum’s public policy); In re Rivastigmine Patent Litig., 239 F.R.D. 351, 356 (S.D.N.Y. 2006) (“Where, as here, a communication with a foreign patent agent or attorney involves a foreign patent application, as a matter of comity, courts look to the laws of the country where the patent application is pending to examine whether that country’s law provides a privilege comparable to U.S. attorney-client privilege. That country’s law will be followed unless doing so offends U.S. policy considerations.”) (citations omitted); Golden Trade, S.r.L. v. Lee Apparel Co., 143 F.R.D. 514, 520 (S.D.N.Y. 1992) (“[A]ny 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.”) (citation omitted); Burroughs Wellcome Co. v. Barr Labs., Inc., 143 F.R.D. 611, 616-17 (E.D.N.C. 1992) (“[T]he privilege may extend to communications with foreign patent agents related to foreign patent activities if the privilege would apply under the law of the foreign country and that law is not contrary to the law of this forum.”) (emphasis in original) (citations omitted). See generally Daiske

This approach requires an examination of which country has the most direct, compelling interest in preserving the privilege of a particular communication. “Such interest will be determined after considering the parties to and the substance of the communication, the place where the relationship was centered at the time of the communication, the needs of the international system, and whether the application of foreign privilege law would be clearly inconsistent with important policies embedded in federal law.” VLT Corp. v. Unitrode Corp., 194 F.R.D. 8, 16 (D. Mass. 2000) (citation and internal quotation marks omitted) (finding that communications with foreign patent agents were privileged under Japanese and British laws). The party asserting the privilege bears the burden of providing the court with proof of the applicable foreign laws and showing that the laws create a privilege that protects the discovery at issue. *See, e.g.*, McCook, 192 F.R.D. at 257 (ordering that because defendant failed to meet its burden, it would have to produce documents “unless [it] furnishes to the Court within twenty-one days an English translation of the document, if applicable, and an affidavit of a licensed attorney learned in the laws of the country at issue stating the law of attorney-client privilege of that country and supporting the privilege asserted”).


The court applies the foreign country’s laws if the communication at issue touches base with foreign patent matters. *See, e.g.*, Cadence Pharm., Inc. v. Fresenius Kabi USA, LLC, 996 F. Supp. 2d 1015, 1021 (S.D. Cal. 2014) (applying touch base approach and holding that communications with a German patent agent were protected under German law and not subject to discovery in the U.S.); AstraZeneca LP v. Breath Ltd., Civil No. 008-1512 (RMB/AMD), 2011 WL 1421800, at *4 (D.N.J. Mar. 31, 2011) (applying the “touch base” analysis to determine that Swedish privilege law, rather than United States privilege law, applied, because the communications took place between European patent attorneys, occurred in Sweden, and concerned Swedish patent applications); Revolutionary Concepts, Inc. v. Clements Walker PLLC, No. 08 CVS 4333, 2010 WL 877508, at *8 (N.C. Super. Ct. Mar. 9, 2010) (finding absence of “federal patent law” because ownership of the patent in question was an issue in a foreign country, and applying law of foreign jurisdiction), reversed on other grounds by 744 S.E.2d 130 (N.C. App. 2013). In a case where foreign law is applied, the court determines whether the communication would be considered privileged under the foreign law. If the communication would be privileged under the foreign law, then the U.S. court will recognize the privilege in the interest of judicial comity. *See, e.g.*, Willemijn Houdstermaatschappij BV v. Apollo Computer Inc., 707 F. Supp. 1429, 1444, 1447-48 (D. Del. 1989) (applying foreign privilege law to documents dealing with matters of foreign patent law and ordering that
documents be provided for *in camera* inspection along with information regarding foreign privilege laws); *In re Ampicillin Antitrust Litig.*, 81 F.R.D. 377, 391 (D.D.C. 1978) (“[B]ecause the United States has a strong interest in regulating activities that involve its own patent laws, all communications relating to patent activities in the United States will be governed by the American rule [regarding attorney-client privilege]. However, the United States has no such strong interest for patent agent communications relating to patent activities in Great Britain, so that deference will be given to the British rule.”).

Many countries do not have liberal discovery rules like those in the United States. Consequently, those countries often are less likely to have any laws or judicial opinions regarding privilege for patent agents. This reality can be misunderstood by U.S. courts and may result in the disclosure of materials that would never have been discoverable in the foreign country. For example, in *Alpex Computer Corp. v. Nintendo Co.*, No. 86 Civ. 1749 (KMW), 1992 WL 51534 (S.D.N.Y. Mar. 10, 1992), the court affirmed the magistrate judge’s decision that Nintendo’s communications with a Japanese patent agent must be disclosed. The court found that the Japanese rule stating that patent agents could not testify regarding confidential information was not equivalent to United States attorney-client privilege and therefore the documents were discoverable. *Id.* at *2-3. But see *Astra Aktiebolag v. Andrx Pharm. Inc.*, 208 F.R.D. 92, 101-02 (S.D.N.Y. 2002) (finding that communications that touched base with Korean law were protected because, although Korea has no attorney-client privilege statute, Korea does not have liberal discovery rules and the document would not have been discoverable under Korean law).

Instead of applying the choice-of-law approach, some courts apply a “functional” or “comity-functionalism” approach. See, e.g., *SmithKline Beecham Corp. v. Apotex Corp.*, No. 98 C 3952, 2000 WL 1310668, at *2-3 (N.D. Ill. Sept. 13, 2000). Under this minority approach, a court determines whether the foreign patent agent performed a function equivalent to that of an attorney. *See id.* at *4. If the agent’s role is not the functional equivalent, then the analysis ends with a determination that privilege does not apply.

In *Vernitron Medical Products, Inc. v. Baxter Laboratories, Inc.*, 186 U.S.P.Q. 324, 325-26 (D.N.J. 1975), the court found that documents containing communications with patent agents, including foreign agents, were privileged. The court stated: “[t]he substance of the function [of the patent agent], rather than the label given to the individual registered with the Patent Office, controls the determination here.” *Id.* at 325. In *SmithKline Beecham*, the district court affirmed the magistrate judge’s rulings, stating that “it would vitiate principles of comity and predictability of the privilege to extend that denial [of the privilege] blindly to foreign ‘patent agents’ without reference to either the function they serve in their native system or the expectations created under their local law.” 2000 WL 1310668, at *3 (citation omitted). The district court determined that the agent did not have to be the “full equivalent of an American attorney before his native protections may be recognized by a U.S. court,” and stated that “courts have looked to whether, with respect to a particular communication, the patent agent was engaged in the ‘substantive lawyering process.’” *Id.* at *4 (citations omitted). See *SmithKline Beecham Corp. v. Apotex Corp.*, 193 F.R.D. 530, 535-36 (N.D. Ill. 2000) (magistrate judge first looked to foreign country’s law to determine whether privilege applied, then examined whether patent agents functioned as attorneys); *see also Heidelberg Harris, Inc. v. Mitsubishi Heavy Indus., Ltd.*, No. 95 C 0673, 1996 WL 732522, at *10 (N.D. Ill. Dec. 9,
(1996) (finding that German patent agent was functional equivalent of attorney and stating that “[c]ourts have held that, where a foreign patent agent is engaged in the ‘substantive lawyering process’ and communicates with a United States attorney, the communication is privileged to the same extent as a communication between American co-counsel on the subject of their joint representation”) (citations omitted).

Generally, the communications of foreign patent agents acting under the direction of U.S. attorneys are protected by attorney-client privilege under United States law. See McCook Metals, 192 F.R.D. at 256 (“If the foreign patent agent was primarily a functionary of the attorney, the communication is privileged to the same extent as any communication between an attorney and a non-lawyer working under his supervision . . . .”) (citation omitted). See, e.g., Glaxo, 148 F.R.D. at 539 (“[C]ommunications between a foreign patent agent and a United States attorney concerning a United States patent application are not privileged unless the agent either registered with the United States patent office or is acting at the direction and under the control of an attorney.”) (emphasis added); Baxter Travenol Labs., Inc. v. Abbott Labs., No. 84 C 5103, 1987 WL 12919, at *8 (N.D. Ill. June 19, 1987) (“If the foreign patent agent was primarily a functionary of the attorney, the communication is privileged to the same extent as any communication between an attorney and a non-lawyer working under his supervision. If the foreign patent agent is engaged in the lawyering process, the communication is privileged to the same extent as any communication between co-counsel.”) (citation omitted).

Disclosure of work product to a foreign patent agent may not waive work product protection. The determining factor is whether disclosure to a foreign patent agent is likely to substantially increase the likelihood of opponents or adversaries gaining access to the work product. See, e.g., Skynet Elec. Co., Ltd v. Flextronics Int’l, Ltd., No. C 12-06317, at WHA, *3 (N.D. Cal. Dec. 16, 2013) (disclosure of work product to Taiwanese patent agent did not waive work product protection; the disclosure did not substantially increase the likelihood that defendants would gain access to protected material because Taiwanese patent agents are bound by law from disclosing their clients’ confidential work product).

E. THE COMMON INTEREST DOCTRINE IN THE PATENT CONTEXT

The Federal Circuit has held that the common interest doctrine applies with regard to patent rights. In re Regents of Univ. of Cal., 101 F.3d 1386, 1389 (Fed. Cir. 1996). See also Flo Pac, LLC v. NuTech, LLC, No. WDQ-09-510, 2010 WL 5125447, at *11 (D. Md. Dec. 9, 2010) (reiterating that “circumstances in which parties share a common legal interest [that is, share an “identical” legal interest] occur with considerable frequency in the area of patent law” because “[o]ften, more than one party has an interest in some patent”) (internal citation and quotation marks omitted). For purposes of privilege, joint legal claims or defenses, common contemporaneous ownership, or a licensing arrangement as part of a joint venture constitute a “common interest” in a patent, but a common interest in a patent does not automatically exist between a prior and current owner of a patent. See In re IPCom GmbH & Co., KG, 428 F. App’x 984, 986 (Fed. Cir. 2011); Regents, 101 F.3d at 1389.

In Regents, the court found that Eli Lilly and the University of California shared a common legal interest in the advancement of certain patent applications because the University
was the patent applicant and Lilly was a potential licensee of the patent. *Id.* Although the purpose of the parties’ joint venture was commercial, the court held that in situations where commercial and legal interests are intertwined, the legal interest is sufficient to establish the legal requisite community of interest. *Id.*

In comparison, in *In re IPCom*, the court denied a writ of mandamus petition and found that the district court had not erred in holding that the common interest doctrine did not apply. *In re IPCom GmbH & Co., KG*, 428 F. App’x at 986. The patentee had purchased its patents from another company that had filed applications for the patents in Germany, Japan, and the United States. *Id.* at 985. The accused infringer sought patent prosecution documents created by the prior owner’s employees in Germany and communications between the prior owner’s in-house counsel in Germany and outside patent counsel in Japan and the United States. *Id.* The patentee asserted the attorney-client privilege, but the district court held that the prior owner waived the privilege when it sold the documents and patents to the patentee. *Id.* The Federal Circuit held that the district court did not err in finding no common interest “because ‘[the prior owner] sold the Patents and all documents relating to the Patent to [the patentee]; [the prior owner] did not share this information as part of a joint legal claim or defense.’” *Id.* at 986.

*Compare:*

*Prowess, Inc. v. Raysearch Labs, AB*, No. 11-1357, 2013 WL 509021 (D. Md. Feb. 11, 2013). Common interest doctrine did not apply where plaintiff failed to demonstrate a common legal interest between inventors and patent-owner, a common interest doctrine was not signed until after the communications occurred, and the document did not state when the common interest arrangement began.

*Shukh v. Seagate Tech., LLC*, 872 F. Supp. 2d 851, 856 (D. Minn. 2012). Neither common interest nor joint representation privilege applied to an employee-inventor in a dispute over inventorship with his former company.


*Genentech, Inc. v. Trs. of Univ. of Pa.,* No. C 10-2037, 2011 WL 5079531, at *1-3 (N.D. Cal. Oct. 24, 2011). The court declined to apply the common interest doctrine to emails between the CEO of a pharmaceutical company and the lead inventor of the patent-at-issue at a university where discussions related to no more than the presentation of a business case to the board of directors rather than to issues of patentability or the prosecution of the patent.


LG Elecs., Inc. v. Motorola Inc., No. 10 CV 3179, 2010 WL 4513722, at *3-4 (N.D. Ill. Nov. 2, 2010). Former owner of patent could not assert privilege because former owner was not a party to the litigation and did not have a stake in the litigation related to the patents.

With:

Crane Sec. Techs., Inc. v. Rolling Optics, AB, 230 F. Supp. 3d 10, 21-22 (D. Mass. 2017). Court held broadly that communications between a prospective patent licensee/purchaser and the owner of the patent technology were privileged.

William F. Shea, LLC v. Bonutti Research, Inc., No. 10-615, 2013 WL 1386005, at *2 (S.D. Ohio Apr. 4, 2013). The court applied a broad approach to the common interest doctrine and held that it protected communications regarding potential infringement issues between a patent holder and a patent acquirer because both parties “had an interest in the strength and scope of the patents that were the subject of the negotiations.”

Xerox Corp. v. Google Inc., 801 F. Supp. 2d 293 (D. Del. 2011). The common interest doctrine applied between patentee and a patent licensing company that helped patentee to commercialize its patent portfolios. The court applied a broad approach to the common interest doctrine and held that it protected communications regarding potential infringement issues between a patent holder and a patent acquirer because both parties “had an interest in the strength and scope of the patents that were the subject of the negotiations.”

Dura Global Techs., Inc. v. Magna Donnelly Corp., No. 07-CV-10945-DT, 2008 WL 2217682 (E.D. Mich. May 27, 2008). The common interest doctrine prevented waiver where patent opinion letters were shown to a potential acquirer, Toyota. Although the letters specifically stated that they were being provided pursuant to a joint defense privilege and requested that Toyota give notice before disclosing the opinion letters to a third party, Toyota produced the letters in subsequent litigation without prior notice. The court held that the common interest doctrine protected the communications, and there was no waiver. The court found it significant that the letters were sent between counsel and not between non-attorneys, stated that they were subject to a joint privilege, requested prior notice for any disclosure, and were written predominantly for a common legal purpose (avoiding infringement liability), rather than merely for a common commercial purpose.

Trading Techs. Int’l, Inc. v. eSpeed, Inc., No. 04 C 5312, 2007 WL 1521136, at *1 (N.D. Ill. May 17, 2007) (internal citations omitted). In a dispute over document production relating to patent-in-suit and prior art, the common interest doctrine applied to communications both “in anticipation of [and] in order to avoid litigation.”

Fresenius Med. Care Holdings, Inc. v. Roxane Labs., Inc., No. 2:05-cv-0889, 2007 WL 895059 (S.D. Ohio Mar. 21, 2007). Where party acquired product line and related patents pursuant to an asset purchase agreement, and received seller’s privileged communications with its patent counsel, privilege was not waived because acquirer and seller shared the legal interest of “obtaining a strong and enforceable patent,” and although sharing the communications furthered a commercial transaction, that did not detract from the legal nature of the communications or the legal purpose of sharing them with the acquirer.
JOINT/COMMON DEFENSE AGREEMENT

The Parties have concluded that they have interests in common relating to the proceeding and wish to cooperate in the pursuit of their common interest. The Parties have determined it to be in their individual and common interests for them to share information relating to common interests and common issues, including certain privileged communications, work product, and discovery planning with each other in order to facilitate representation and anticipated defense in the matter.

The Parties recognize that the exchange of information will further their common interest and wish to avoid waiving any applicable privileges. The Parties also desire to retain certain industry and other (hereinafter “Consultants”) and to share the use, benefit, and expense of said Consultants, while preserving to the maximum extent allowed by law all privileges available to them.

Accordingly, it is the Parties’ intention and understanding that:

1. Communications between and among the Parties and the results of such communications and of joint interviews of prospective witnesses in connection with the proceeding are confidential and are protected from disclosure to any third party by the attorney-client privilege, the work product doctrine, and by other applicable rules or rules of law.

2. All documents, including but not limited to memoranda of law, debriefing memoranda, factual summaries, transcript digests, and other written materials which would otherwise be protected from disclosure to third parties and which are exchanged among any of the Parties in connection with the proceeding will remain confidential and protected from disclosure to any third party by the attorney-client privilege, the work product doctrine, and by any other applicable rules or rules of law.

3. Nothing in this Agreement shall be construed to require any of the Parties to disclose any privileged or work product documents or information which any of the Parties, in their sole discretion, shall determine not to disclose.

4. Any disclosure or exchange of information by the Parties in connection with the proceeding has been and shall be accomplished pursuant to the doctrine referred to as the “common interest” or “joint-defense doctrine” as recognized by numerous authorities and to the maximum extent recognized by law. Any counsel who receives information as a result of this Agreement may disclose the same to his client and to those individuals assisting counsel in the preparation and defense of this case. However, none of the information obtained by any of the undersigned counsel as a result of this Agreement shall be disclosed to anyone by his client and those individuals assisting him in the preparation or defense of this case without the consent of the Party who first furnished the privileged information. In addition, no client who receives information as a result of this Agreement may disclose the information to anyone but his counsel and those individuals assisting his counsel in the preparation and defense of his case, without the consent of the Party who first furnished the privileged information. In the event that a motion is filed in any court or forum seeking to compel disclosure by any of the Parties of information obtained
as the result of this Agreement, the Party shall notify the other Parties hereto in time sufficient to permit them to intervene or otherwise protect their interest.

5. All tangible materials exchanged pursuant to this Agreement (including all copies thereof), including but not limited to all documents and any other tangible thing on or in which information is recorded, shall be deemed to be “on loan” while they are in the hands of any person other than the producing Party. All originals of such materials shall be returned upon request at any time to the Party who furnished them, and all copies thereof shall be destroyed at that time. Original materials also shall be returned promptly to the Party who furnished them and all copies thereof shall be destroyed in the event either of the undersigned counsel or each of their clients determine that the Parties no longer share a common interest in the litigation or if, for any reason, the joint-defense effort or this Agreement is terminated. The obligations imposed by this Agreement shall remain in effect with respect to all privileged or work product information obtained by a withdrawing Party prior to such withdrawal. At the conclusion of the litigation, all original tangible materials exchanged pursuant to this Agreement shall be returned to the Party who furnished them, and all copies thereof shall be destroyed.

6. Nothing contained in this Agreement shall obligate any Party to consult or agree with any other Party on any specific decision or strategy. Likewise, nothing in this Agreement obligates any Party to exchange or share any information that such Party concludes should not be disclosed.

7. Information exchanged under this Agreement shall be used only in connection with asserting common claims and defenses against plaintiffs in the subject litigation and conducting such other activities that are necessary and proper to carry out the purposes of this Agreement.

8. Each Party agrees that he or it will not use and hereby waives any right to use any and all information which has been provided to him or it pursuant to this Agreement in any forum or manner in any way adverse to the interests of the other Parties.

9. Any Party may withdraw from the joint-defense group and this Agreement by providing written notice of that intention to the remaining Parties. As to any tangible materials already obtained under this Agreement, any Party which withdraws from this Agreement shall, not more than ten days after providing notice, return the originals of all tangible materials to the Party who furnished them and destroy all copies thereof, and turn over the originals of all tangible work product of any Consultant to counsel for the remaining clients and destroy all copies thereof. A Party’s withdrawal from the joint-defense group and this Agreement shall not affect the duty of confidentiality which that Party has undertaken by virtue of having entered into this Agreement and such Party shall remain obligated to preserve the privileges and confidentiality of all information exchanged pursuant to this Agreement.
10. In the event any client settles with the plaintiffs and/or is dismissed from the subject litigation, said dismissed client shall be deemed to withdraw from the joint-defense group and from this Agreement and shall, not more than ten days thereafter, comply with the terms of paragraph 9. A client’s settlement and/or dismissal from the subject litigation shall not affect the duty of confidentiality which that client has undertaken by virtue of having entered into this Agreement and such client shall remain obligated to preserve the privileges and confidentiality of all information exchanged pursuant to this Agreement.

11. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective representatives, successors and assigns.

12. This Agreement contains the entire understanding of the Parties relating to its subject matter, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written, are merged herein.

13. No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision hereof.

14. All notices and demands under this Agreement shall be sent by registered or certified mail, postage prepaid, to the applicable counsel at the addresses set forth below. Notices shall be deemed given and demands made when received by addressee.

15. If any provision of this Agreement is deemed invalid or unenforceable, the balance of this Agreement shall remain in full force and effect.

16. This Agreement may be executed in counterparts and will become effective and binding upon the Parties at such time as all of the signatories hereto have signed a counterpart hereof. All counterparts so executed shall constitute one Agreement binding on all Parties.

17. This Agreement may be modified only by a writing executed by the Parties.