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SILICON VALLEY FIRST CUP OF COFFEE SEMINAR SERIES

MANAGING INTERNAL COMMUNICATIONS TO AVOID LITIGATION HEADACHES

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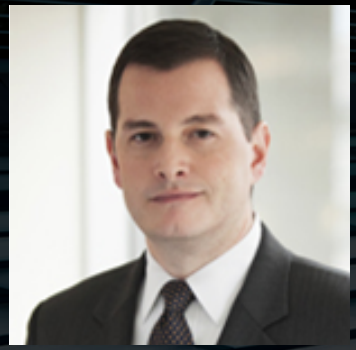
Presenters



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Agenda

- Managing **Privilege** to Avoid Litigation Headaches
- Managing **Documents** to Avoid Litigation Headaches
- Managing **Other Communications** to Avoid Litigation Headaches
- Questions and Answers

Managing PRIVILEGE to Avoid Litigation Headaches

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Why Privilege Issues Are Litigation Headaches

- Without privilege, communications between attorney and client may be revealed
- Litigation strategy may be revealed
- Other client problems may be revealed
  - To the other side, to the court, or even to the public
- In litigation, party asserting privilege generally has burden of proving it
  - More expensive and time consuming for close calls

Counsel's Deposition: A Litigation Headache

- You, as in-house counsel, may become a deponent in a litigation
- Your emails, handwritten notes, and documents may be discoverable
- Your communications with employees, and even with outside counsel, may be discoverable

Beware of Jurisdiction

- Not all jurisdictions consider communications with all employees and in-house counsel to be privileged
  - Control group test
  - Subject matter test
  - *Upjohn v. United States*
- You may be in one jurisdiction, but different jurisdiction's law may apply to privilege issue
  - Federal or state court? Which state's law applies?

Privilege in a Corporate Setting

- Legal v. Business Advice
  - Where does the privilege begin and end?
  - Varying standards: “clear showing”; “but for”; “predominantly legal”
  - Counsel’s title
- Related companies
  - How far does privilege extend?
- Merged and acquired companies
  - Who owns the privilege, and when?

Minimizing Waiver

- Communications to friendly parties can ruin privilege
  - Even if inadvertent
- Scope of waiver can extend to all privileged communications relating to the subject matter
  - Scope of "subject matter" can be a major fight in litigation

Minimizing Waiver

- Best Practices
  - Restrict circulation attorney advice on a "need to know" basis
    - Sometimes people need to leave the room
  - Reduce amount of writing related to attorney advice
  - As counsel, tell your audience to keep it to themselves
    - Avoid disclosure in business negotiations
  - As counsel, keep your legal advice separate from your business advice

Managing DOCUMENTS to Avoid Litigation Headaches

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Why Document Issues Can Create Litigation Headaches

- Documents create issues wholly separate from the content within them
- Not having a sensible document retention policy can mean that documents necessary to present a case are not maintained
- An overly robust policy makes it harder to:
  - Find what you need in litigation
  - Delete sensitive information pursuant to court orders
- Failure to implement litigation hold notices can lead to spoliation

Document Retention Policies

- What is a document?
  - Emails, text messages, voicemail, word-processed documents, databases, documents stored on portable devices (memory sticks, mobile phones), documents stored on servers and back-up systems, deleted documents, metadata and other embedded data
- Where are documents housed?
  - Portable data storage media, services, off-site storage, laptops, handheld devices, PCs, databases, back-up tapes, mobile phones, notebooks, PDAs

Document Retention Policies

- Sometimes holding on to too much data can lead to litigation headaches
  - More data = more information to be reviewed = more cost and more time
  - Holding on to older documents = possibly more damaging documents
- Example: contract negotiation documents

Litigation Hold Notices

- Consequences of not implementing or following a Litigation Hold
  - Spoliation = BIG litigation headache
- Example: Discrimination Suit involving global energy co.
  - Executives instructed employees to destroy bad company documents to avoid producing them in litigation
  - Settled for $141 million

Litigation Hold Notices

- When to implement?
  - Duty to preserve arises when party has notice or should have known that evidence is relevant to (future) litigation
  - Once party reasonably anticipates litigation, party is on notice of duty to preserve evidence as of that date
- What should you do if documents are destroyed?
  - Cover up is always worse than the crime

Document Retention and Litigation Hold: Best Practices

- Implementing, discussing and signing document retention policies
- Beware of extremes
- Monitoring compliance with document retention policies and litigation hold notices
  - Do not rely solely on employees to preserve evidence
- Learn from past, and do not repeat prior misbehaviors

Managing OTHER COMMUNICATIONS to Avoid Litigation Headaches

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Why Communications Can Cause Litigation Headaches

- Incorrect statements, imprecise language or insensitive communications can become the tail that wags the dog in a case
- Drives litigation expense
  - Litigators spend a lot of time developing a record and context to disprove misstatements made by their own clients
- Jurors pay more attention to seemingly adverse statements that come from the client's own lips
  - Even if they don't understand them

Examples

- SEC complaint, filed 3/6/14, against Dewey & LeBoeuf LLP executives, accountants
  - "I don't see how we'll get past the auditors another year."
  - "I assume you [k]new this but just in case. Can you find another clueless auditor for next year?" Reply: "That's the plan. Worked perfect this year."
  - "Hey man, I don't know where you come up with some of this stuff, but you saved the day. It's been a rough year but it's been damn good. Nice work dude. Let's get paid!"
  - "I don't know anything about [the contracts] and I don't want to cook the books anymore. We need to stop doing that."

Examples

- *Zubulake v. UBS Warburg*
  - Email drafted by supervisor upon learning that employee had filed EEOC charge of discrimination:
    - "Let's exit her ASAP before she is entitled to a bonus."
    - Jury returned verdict of $29 million, $20 million in punitives

Examples

- American Home Products
  - Internal documents revealed embarrassing evidence against maker of "fen-phen" diet drug
    - Internal e-mail among company employees: *"I don't want to spend the rest of my career paying off fat people who are a little afraid of some silly lung problem."*
  - Plaintiffs collected more than 33 million documents, including electronic files
  - American Home Products settled litigation for $3.75B

Best Practices

- **Before** a Litigation Issue Arises
- **After** a Litigation Issue Arises

Best Practices for Communications, Before a Litigation Issue Arises

- You cannot turn non-lawyers into lawyers, but you can counsel on best practices
- Don’t put anything in writing that you would not want on the front page of *The New York Times*
- Discourage quick responses and informality in emails
- Make sure you confirm the recipients are correct
- Not just e-mail is in play -- instant messages, voice mails, non-work accounts are as well

Best Practices for Communications, Before a Litigation Issue Arises

- Confidentiality – an issue not only for privilege
  - Identify persons in the organization who would access to such information
  - Make sure the client knows **what** to keep confidential
    - Research and development – patents, trade secrets
    - Obligation in specific agreements
    - Other sensitive information
  - Make sure the client knows **how** to keep information confidential

Cutting Down the Chatter After a Litigation Issue Arises

- Minimize amount of non-privileged communications
  - Discourage independent investigation by personnel, other than that managed by counsel
  - Discourage clients from having internal discussions outside presence of counsel
  - Discourage clients from having external discussions with customers
    - Unless you're comfortable with information getting back to your adversary!

Cutting Down the Chatter After a Litigation Issue Arises

- Train people to raise legal issues orally, in first instance
  - May be counterintuitive to most
  - Formal writing can always be drafted later, if warranted
  - If writing needs to be created in first instance, ensure it is as factual as possible and minimizes assessments or opinions

Cutting Down the Chatter After a Litigation Issue Arises

- Minimize amount of chatter with the adversary
  - Interaction may be outside litigation arena (conventions, conferences, industry meetings, etc.)
  - Any interaction is a chance to provide the adversary with information s/he would not otherwise have from the litigation process
  - Difficult to manage information
  - Avoid talking about dispute with adversaries
- Public statements about the litigation/dispute should have attorney input

Questions and Answers

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Coronavirus COVID-19 Resources

We have formed a multidisciplinary **Coronavirus/COVID-19 Task Force** to help guide clients through the broad scope of legal issues brought on by this public health challenge.

To help keep you on top of developments as they unfold, we also have launched a resource page on our website at **www.morganlewis.com/topics/coronavirus-covid-19**

If you would like to receive a daily digest of all new updates to the page, please visit the resource page to **subscribe** using the purple "Stay Up to Date" button.

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Biography

John V. Gorman
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John V. Gorman is the managing partner of the firm's Wilmington office, a leader of the firm's global IP disputes practice, and the leader of the firm's Philadelphia and Wilmington IP practice groups. With more than 20 years of litigation experience, John's practice focuses on complex commercial and IP disputes. He counsels a diverse group of clients, from global corporations to nonprofits, and represents both plaintiffs and defendants on high-stakes patent, trademark, trade secret, and copyright disputes in federal and state courts throughout the United States. John handles all phases of litigation from inception through trial and post-trial appeals.

John has litigated dozens of patent infringement and commercial disputes. He represents clients across a broad range of industries and technologies, including consumer and industrial products, medical devices, computers, printers, software, gaming, mobile devices, industrial tools, lighting systems, academic standardization tests, wireless products, and automatic fire protection equipment.

John is active in the firm's pro bono practice focusing on asylum and citizenship issues.

Biography

Natalie A. Bennett
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Natalie A. Bennett's intellectual property practice concentrates on patent infringement, breach of contract, and trade secret litigation. She litigates a wide range of technologies, including computer networking products, semiconductor chips, pharmaceutical and agrochemical products as well as medical devices. She has tried intellectual property disputes in district courts before a jury, at the International Trade Commission, and before Arbitration panels. Natalie was recently selected by the *National Law Journal* as one of its 40 "Rising Stars" and she was likewise selected by the American Bar Association (ABA) for inclusion on its 2019 "On the Rise Top 40 Young Lawyers" list.

Natalie has litigated ten high-stakes IP trials through final judgment, including the first verdict obtained under the federal Defend Trade Secrets Act of 2016. She is skilled in taking and defending depositions, and examining fact and expert witnesses at trial before a jury. Natalie assists clients by preparing briefs and pleadings, including post-trial submissions and appellate briefings. She has also handled oral arguments before the US Court of Appeals for the Federal Circuit, as well as high-stakes issues in district courts, including motions for judgment as a matter of law and preliminary injunction proceedings.

Biography

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Serving as the leader of Morgan Lewis's semiconductor practice and as a member of the firm's fintech and technology practices, Andrew J. Gray IV concentrates his practice on intellectual property (IP) litigation and prosecution and on strategic IP counseling. Andrew advises both established companies and startups on Blockchain, cryptocurrency, computer, and Internet law issues, financing and transactional matters that involve technology firms, and the sale and licensing of technology. He represents clients in patent, trademark, copyright, and trade secret cases before state and federal trial and appellate courts throughout the United States, before the US Patent and Trademark Office's Patent Trial and Appeal Board, and before the US International Trade Commission.

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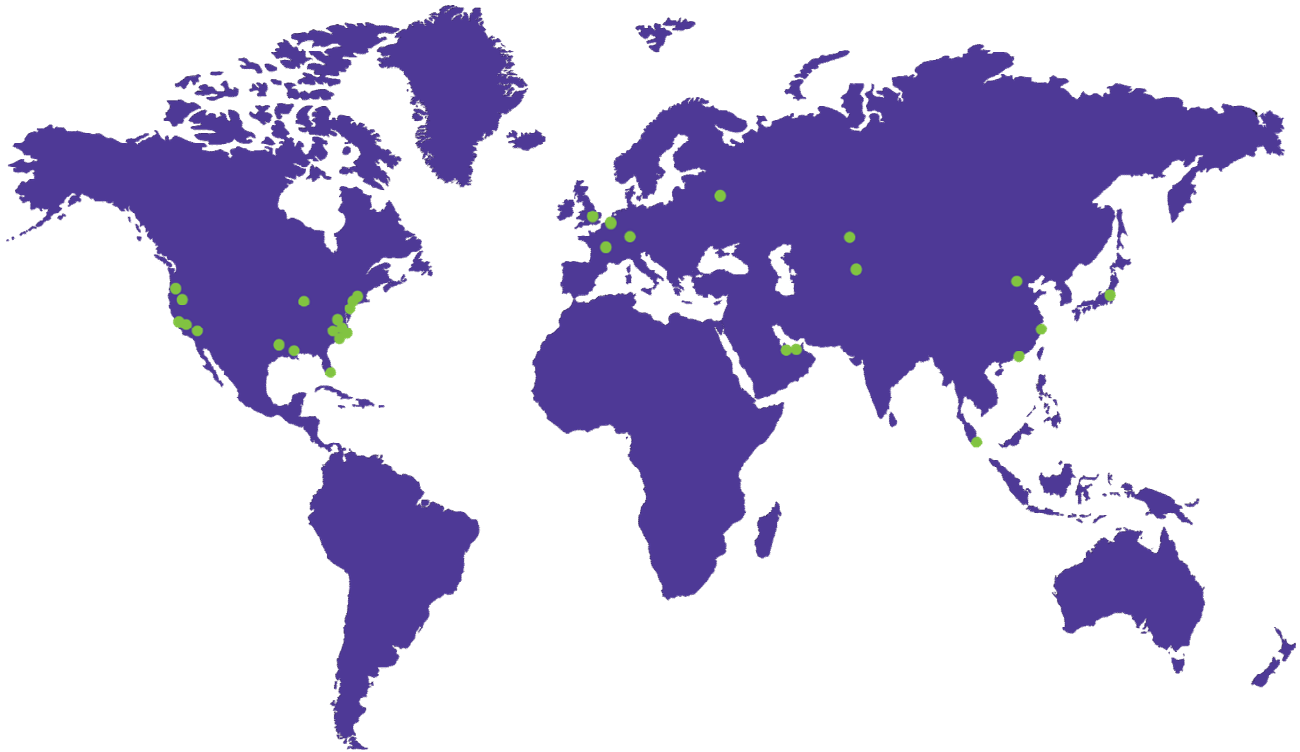

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