Morgan Lewis | Webinar Series

PATENT LITIGATION SERIES

BETTER SAFE THAN SORRY

002 Attorney-Client Privilege

February 25 | Jitsuro Morishita

Morgan Lewis

ATTORNEY-CLIENT PRIVILEGE

FRCP Rule 26. Duty to Disclose; General Provisions Governing Discovery

(b) Discovery Scope and Limits.

(1) *Scope in General.* Unless otherwise limited by court order, the scope of discovery is as follows:

> 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.

Basic Policy

- By assuring confidentiality, the privilege encourages clients to make **"full and frank"** disclosures to their attorneys, who are then better able to provide candid advice and effective representation, "thereby promote **broader public interests** in the observance of law and administration of justice."

- Privilege is an **evidentiary matter rather than duty of confidentiality**. The privilege only protects communications reflecting a request for or a provision of legal advice, but "**does not protect disclosure of facts**"

  ***- Upjohn Co. v. U.S.*, 449 U.S. 383 (1981)**

Attorney Client Privilege

Restatement of the Law Governing Lawyers

(i) A **communication**;

(ii) made between **privileged persons**;

(ii) in **confidence**;

(iii) for the purpose of seeking, obtaining or **providing legal assistance** to the client

Communication

What is "COMMUNICATION"?

All kinds of communication (meeting, telephone, email, letters, etc.) between an Attorney and a client

- Including an attorney in the **cc of the email** communication does not automatically provide protection under the privilege
  - *Willnerd v. Sybase, Inc.* (D.Id. 2010)
- Email Attachments: Non-privilege documents attached to emails between attorneys are **not privileged**.
  - *Women's Interart Ctr., Inc. v. N.Y.C. Econ.*, (S.D.N.Y. 2004)
- Email drafts not sent: Unsent draft emails are not communication, so will not be subject of a privilege
  - *In re Google, Inc.* (2012)

PRACTICAL TIPS: PRIVILEGE & CONFIDENTIAL

- No legal effect in adding the sign "Privilege & Confidential"
- Aim is to **evidence intent of the communication** and **ease the distinguishing of** communication from other non-privileged communication during document review/production process
- Any documents presented to third parties (other than with common interest) will not be privileged, so **do not leave** the "Privilege & Confidential" sign!! Use "RE408" sign instead.

Confidentiality/ Common Interest/ Legal Advice

What is "CONFIDENTIALITY"?

"Need to Know" Test

- "The key concept here is need to know. While involvement of an unnecessary third person in attorney-client communications destroys confidentiality, involvement of third persons to whom **disclosure is reasonably necessary** to further the purpose of the legal consultation preserves confidentiality of communication."

  – *U.S. v. United Shoe Machinery Corp.,* 391 U.S. 244 (1968)

Common Interest Privilege

- A derivative privilege applied when multiple parties work together toward an **identical, legal interest**
  - If the original communication is not protected by the A-C privilege or work product doctrine, the common interest doctrine **does not apply**
  - Written formal Common Interest Agreement **is strongly preferred, but not necessary**, although a meeting of the mind needs to be established

What is "LEGAL ADVICE"?

Determined on case by case basis

- Assistance in internal corporate rules and incorporation documents were considered to be "business matters" and denied A-C privilege
  - *Montgomery v. Leftwich, Moore & Douglous*, (D.D.C. 1995)

- Adiministrative advice relating to SEC filings were considered to be "legal advice"
  - *Roth v. Aon Co.*, (N.D. Ill. 2009)

PRACTICAL TIPS: Need to Know Test

- Be mindful of access rights to **shared folders** containing privileged information
- Be mindful of who are included in the **CC or Bcc** of communication including privileged information
- Disclosure to subsidiary may break the confidentiality requirement, unless the **Need to Know** test is satisfied or common interest exists
- Hiring a same law firm with the subsidiary or related third party (e.g. supplier) may resolve the issue of waiving A-C privilege

Between Privileged Persons

Who is the "CLIENT"?

- **Control Group Test**: Some courts may only deem the communication privileged for communication within the "control group" of the corporation (**CEO, CFO, GC, Division Managers**) and the attorney

- **Subject Matter Test**: Communication will be protected by privilege if the subject matter of the communication is **within the realm of the employee's area of duty** and there was an instruction from the supervisor
  - *Upjohn Co. v. U.S.*, 449 U.S. 383 (1981)

Who is an "ATTORNEY"?

Privilege is extended to communications with agents working under the direction of an attorney

- **Internal company communication** without attorneys involved may still be protected, if the participants to the communications are acting under the **direction of counsel**
  - Requires establishing an actual "**request**" from the attorney
  - Privilege may be waived once the dissemination exceeds the "**need to know**" test

Who is an "ATTORNEY"?

In-house attorneys are deemed as attorneys. However, communication must be a "legal advice" in order to be protected under the A-C privilege

- An attorney belonging to a business division was denied A-C privilege due to his corporate status
  - *Breneisen v. Motorola, Inc.*, (N.D. Il. 2003)

- A-C privilege was denied due to lack of legal advice, although an in-house attorney was present at the meeting
  - *Giardina v. Fertel, Inc.*, (E.D. La. 2001)

Who is an "ATTORNEY"?

Foreign in-house legal personnel may be granted A-C privilege in some cases

- An in-house non-attorney legal personnel in France was granted an attorney status in a case in Delaware.
  - *Renfield Co. v. E. Remy Martin & Co., S.A.,* (Del. 1982)

- An in-house non-attorney legal personnel in Japan was denied an attorney status
  - *Honeywell Inc. v. Minolta Camera Co., Ltd.,* (N.J. 1990)

*Generally, courts will look to and apply privileged status based on jurisprudence of the foreign country

What is an "ATTORNEY"

- Non-US qualified foreign registered attorney is **generally granted** a privilege under the US law, but there is a **risk** that the court would find US privilege **inapplicable to a foreign attorney**
  - *Renfield Corp. v. E. Remy Martin & Co.*, (Del. 1982)

- Benrishi would likely be granted privilege under the US law, but the scope would likely be equivalent to a **patent agent privilege**, limited to communications concerning proceedings with the Patent Office
  - *In re Queen's Univ. at Kingston*, (Fed. Cir. 2017)

Bengoshi/Benrishi Privilege

Choice of law is determined either by "touching base test" or "most direct and compelling interest test"

- **Touch Base Test**: Communication that relates to **US proceedings** (arbitration, litigation, etc) touches base with US and shall be governed under **US privilege laws**

- **Most Direct and Compelling Interest Test**: Courts look into "**substance** of the communication, **the place** where the relationship was centered at the time of communication, the **needs of the international system**, and whether the application of the foreign privilege law would be clearly **inconsistent with important policies** embedded in federal law."

Bengoshi/Benrishi Privilege

Amendment of Code of Civil Procedure (1998)

第百九十七条　次に掲げる場合には、証人は、証言を拒むことができる。

二　医師、歯科医師、薬剤師、医薬品販売業者、助産師、**弁護士（外国法事務弁護士を含む。）**、**弁理士**、弁護人、公証人、宗教、祈祷若しくは祭祀の職にある者又はこれらの職にあった者が**職務上知り得た事実で黙秘すべきものについて尋問を受ける場合**

第二百二十条　次に掲げる場合には、文書の所持者は、その提出を拒むことができない。

四　前三号に掲げる場合のほか、文書が次に掲げるもののいずれにも**該当しないとき**。

ハ　**第百九十七条第一項第二号**に規定する事実又は同項第三号に規定する事項で、**黙秘の義務が免除されていないものが記載されている文書**

In re Queen's Univ. at Kingston (Fed. Cir. 2017)

- We find, consistent with Rule 501 of the Federal Rules of Evidence, that a **patent-agent privilege is justified** "in the light of reason and experience."
- We therefore recognize a patent-agent privilege extending to communications with non-attorney patent agents when those agents are acting **within the agent's authorized practice of law before the Patent Office**.

PRACTICAL TIPS: BENGOSHI/BENRISHI PRIVILEGE

- In view of the "Touch Base Test", **separate communication relating to US matters with non-US matters**. Refrain from asking Bengoshi/Benrishi any US related advice
- Treat in-house Bengoshi/Benrishi as "Attorneys" in terms of A-C privilege and manage communications and documents as A-C protected information in terms of **Need to Know Test** and **Legal Advice**

Work Product Doctrine

Work Product FRCP 26(b)(3)(A)

26(b)(3) *Trial Preparation: Materials.*

(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 it has substantial need for the materials to prepare its case and **cannot, without undue hardship, obtain their substantial equivalent by other means.**

Work Product FRCP 26(b)(3)(A)

- Ordinarily, a party **may not discover** documents and tangible things of another party that are **prepared in anticipation of impending or ongoing litigation**
- Materials are otherwise discoverable under Rule 26(b)(2); [if] it has **substantial need** for the materials to prepare its case; and cannot, **without undue hardship**, obtain their substantial equivalent by other means.
- Court "must protect against disclosure of the **mental impressions, conclusions, opinions, or legal theories** of a party's attorney or other representative concerning the litigation."

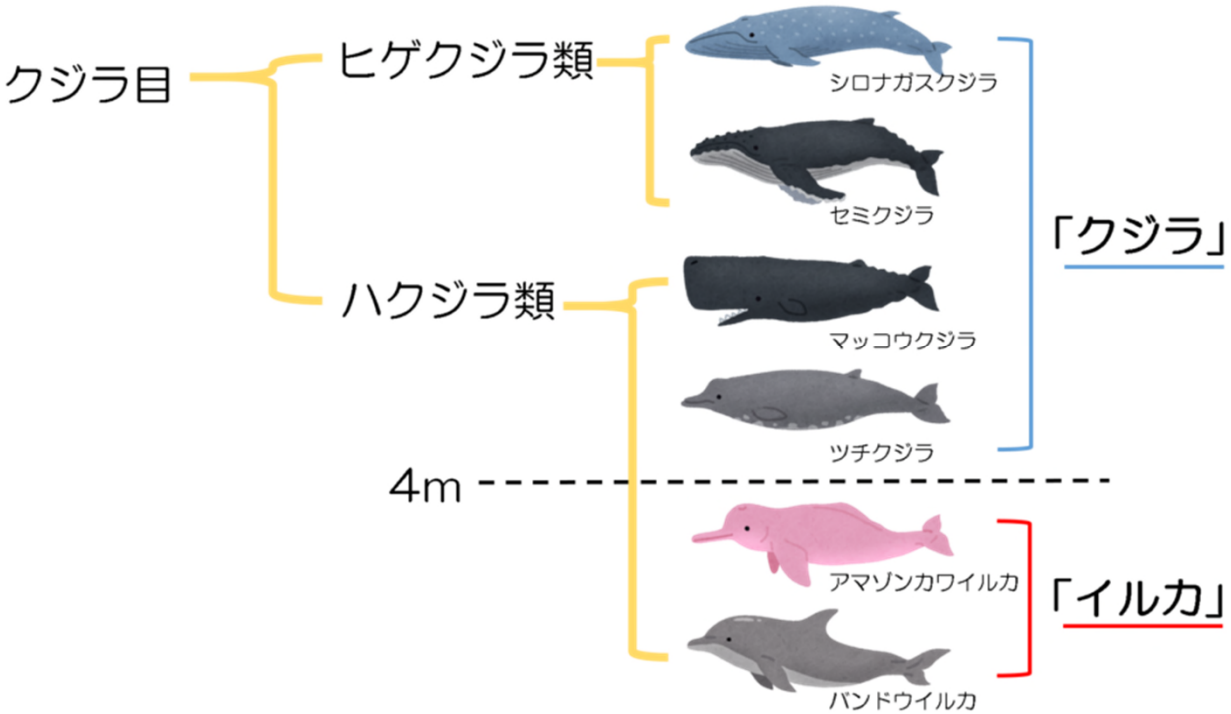
PRACTICAL TIPS: Work Product Doctrine

- Treat any documents **prepared in anticipation of litigation or for trial** involving "Attorneys" as Work Products
- Documents prepared in-house under instructions by "Attorneys" **prepared in anticipation of litigation or for trial** may also qualify as Work Products, as long as the **Confidentiality is not waived**
- Make sure to evidence involvement or instructions of "Attorneys" in order to later claim application of Work Product Doctrine

IP Webinar Series: Better Safe than Sorry 2022

No. 1: Important IP Cases	(2022.01.28)
No. 2: A-C Privilege	(2022.02.25)
No. 3: Int'l Exhaustion	**(2022.04.22)**
No. 4: Claim Construction	(2022.05.27)
No. 5: Doc Management	(2022.07.29)
No. 6: Texas/Delaware Update	(2022.08.26)
No. 7: Indirect Infringement	(2022.10.28)
No. 8: Litigation Docket	(2022.11.25)

落語と小噺の違い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Jitsuro Morishita devotes his practice to resolving complex global disputes in the areas of intellectual property, antitrust, governmental investigations, environmental issues, and labor.

Early in his career, he worked in-house for two global technology companies, Pioneer Corporation and Fujifilm Corporation, bringing unique expertise to advocate using profound understanding of Japanese company cultures.

Jitsuro is devoted to bringing his clients (i) easy communication using excellent communication skills, (ii) pleasant surprises from creative and out-of-the-box ways of thinking, and (iii) deep satisfaction through great results and client-friendly experiences.