

**The Attorney-Client Privilege and the
Work Product Doctrine
in Pennsylvania and Beyond**



#0104372

1



2

**Pennsylvania's Attorney-Client Privilege
Does Not Protect What You Say to
Your Clients**

3

Statutes

In a civil matter counsel shall not be competent or permitted to testify to **confidential communications made to him by his client**, nor shall the client be compelled to disclose the same. . . .

42 Pa. C.S. § 5928; accord 42 Pa. C.S. § 5916.

4

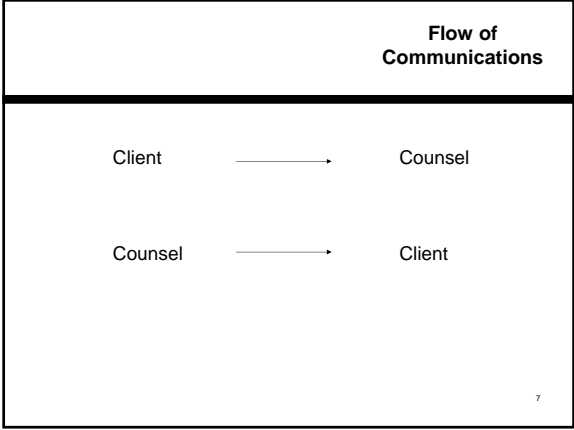
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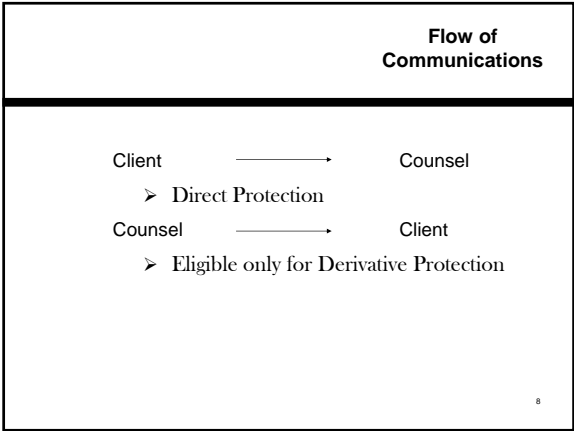
1. Client or Potential Client
2. Lawyer, acting as a lawyer
3. Private Communication from Client to Lawyer
4. For Purpose of Legal Advice
5. Privilege Claimed and Not Waived

5



6





Nationwide v. Fleming

924 A.2d 1259 (Pa. Super. 2007),
aff'd by an evenly divided court, ___ A.2d ___,
2010 WL 336171 (Pa. Jan. 29, 2010)

9

Document No. 529

- A memorandum from in-house counsel, distributed only internally to senior management types:
 - Stressed need to respond to agent defections
 - Summarized the actions by in-house counsel to respond
 - Counsel's opinion on likely outcome of litigation

10

**Facts v.
Communication of
Facts**

Facts → Not protected
Communication of facts → Protected

11

Death of Client



12

E-Mail and the Attorney-Client Privilege

- E-mail communications are as eligible as any other form of communication for attorney-client privilege protection
- However, e-mails create their own unique set of risks and uncertainties – particularly in the corporate setting



13

Vioxx Litigation

501 F. Supp. 2d 789 (E.D. La. 2007)

- If you read just one case . . .



14

Vioxx (cont'd.)

- Thousands of documents withheld on the basis of the attorney-client privilege
- The Court appointed a Special Master (Rice) to review a few thousand sample documents
- Master's report provides roadmap for in-house counsel on what is protected, what could be protected, and what can't be protected

15

Vioxx (cont'd.)

- Use of e-mail in the corporate setting confuses the "for purposes of legal advice" issue



16

Vioxx (cont'd.)

- First, compliments:
 - "Lawyers are some of the most intelligent and informed people within corporations"
 - Lawyers provide "invaluable" advice to corporate clients on many non-legal issues
 - Lawyers are often "excellent writers and editors" because "they are part of a word crafting profession"



17

Vioxx (cont'd.)

- But . . .
- "Expanded use of lawyers comes at a cost"

18

Lessons from Vioxx

- In a "mixed purpose" communication, the "primary" purpose must be legal for the privilege to apply
- "Primary" is not the same as significant or important. If purpose is equally legal and non-legal, privilege will not apply.
- The burden on party asserting the privilege is greater because of e-mail. Document-by-document affidavits are often needed.

19

Lessons from Vioxx (cont'd.)

- Grammatical or editorial changes to a traditional legal document (like a contract) are likely privileged
 - But, on a non-legal document (like a press release), suspect
- "Pervasive regulation" argument rejected

20

Vioxx - Examples

Email directed solely to in-house counsel, with limited copies to others, involving a traditional legal issue, presumptively privileged

EXAMPLE:

To: In-house Counsel
From: Senior Vice President
cc: CEO
Re: Contract Damages

One of our suppliers has breached its contract. Are we able to recover the profits that we lost from missed sale opportunities?

PRIVILEGED

21

Vioxx - Examples

E-mails, including attachments, "To" both lawyers and non-lawyers presumed not to be privileged

EXAMPLE:

To: Vice President - Sales
Vice President - Marketing
In-house Counsel
From: Division President
Re: Press Release [attached – pdf]

Attached is a proposed press release regarding the end of our acquisition negotiations. Please provide your comments on it.

**PRESUMED NOT PRIVILEGED - EVEN RESPONSIVE
COMMENTS SOLELY FROM COUNSEL AT RISK**
(because of derivative rule)

22

Vioxx - Examples

To: In-house Counsel
Chief Financial Officer
From: CEO
Date: June 30, 2007

Can we properly recognize income in this quarter although the product will not be delivered until next quarter?

PRESUMPTIVELY NOT PRIVILEGED

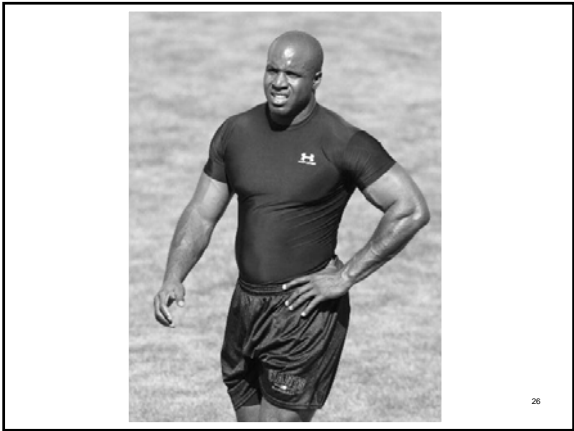
23

**Preparatory
Communications
and Dissemination
of Legal Advice**

- The privilege protects certain communications even when counsel is not involved directly
- Preparatory communications
- Dissemination of legal advice

24





"Copy me on all e-mails so that we can take advantage of the attorney-client privilege"

27

Funneling



28

Rice

- Unethical
- Sanctionable
- Spoliation – Suppression of Evidence
- Won't Stop Until Judges Take a Stand

29

Burden of Proof & Presumptions

30

Waiver/Inadvertence



31

Work Product

- Pennsylvania's rule (4003.3) is wildly different from the Federal rule (26(b)(3))
- Pennsylvania – Work Product Is Generally Discoverable
- Federal – Work Product Is Generally Protected from Discovery

32

Work Product and the Attorney-Client Privilege Are Not the Same

- *Nationwide v. Fleming*
- Examples
 - Counsel's memo of interview of third party
 - Work product, but not attorney-client privileged
 - Officer's e-mail to corporate counsel with proposed deal terms
 - Attorney-client privileged, but not work product

33

Pennsylvania Has Different Treatment for Attorney Work Product and Non-Attorney Work Product

- Broader protection for attorney work product
- Very narrow protection for non-attorney work product
 - “Safety hazard” example

34

Examples

The following are some examples of communications, and an indication of whether Pennsylvania’s attorney-client privilege, Pennsylvania’s work-product doctrine, both, or neither, would apply to the communication or document:

35

Examples (cont’d.)

- A client’s communication of facts to counsel
 - *Attorney-client privilege only*

36

Examples (cont'd.)

- An attorney's file memo summarizing factual information received from client
 - *Both*

37

Examples (cont'd.)

- A letter stored in the attorney's file, from a third-party witness to the client
 - *Neither*

38

Examples (cont'd.)

- An attorney's notes from a phone call with a third-party witness
 - *Work-product only*

39

Examples (cont'd.)

- A lawyer's legal research memo
 - *Work-product definitely; attorney-client privilege, only potentially*

40

Examples (cont'd.)

- An e-mail from a corporate employee to corporate in-house counsel, seeking legal advice
 - *Attorney-client privilege only*

41

Examples (cont'd.)

- A corporate executive's e-mail to in-house counsel offering the executive's opinion on the settlement value of a pending case
 - *Both*

42

Examples (cont'd.)

- A corporate executive's e-mail to another corporate executive offering the sender's opinion on the settlement value of a pending case
 - *Work-product only*

43

Examples (cont'd.)


- A personnel department representative's notes (not prepared at the request of or to relay to counsel) of facts gathered from an investigation of an employee's allegations of discrimination
 - *Neither*

44

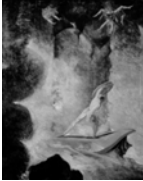


45

**Seagate – Limited Waiver
from Advice of Counsel
Defense**


Seagate 

- Scylla and Charybdis – being in a state where one is between two dangers and moving away from one will cause you to be in danger of the other.
 - http://en.wikipedia.org/wiki/Scylla_and_Charybdis



46


**In re Seagate Technology, LLC,
497 F.3d 1360 (Fed. Cir. 2007)**

Seagate 

- Seagate accused of patent infringement
- Retained opinion counsel who prepared letters offering opinion that Seagate was not infringing and/or that patents were not valid

47

Scylla

Seagate 

- Plaintiff sought enhanced damages based on alleged “willfulness” of Seagate’s conduct
- Seagate invoked “advice of counsel” defense in response

48

Charybdis



- Plaintiff then demands disclosure of all opinions rendered or received by any Seagate counsel, including trial counsel
- Opinion counsel and trial counsel had operated completely independently
- Trial court agrees with Plaintiff and orders Seagate to produce trial counsel's opinions

49

Federal Circuit Rescues Seagate from Dilemma



- First, the Court raised the bar for a Plaintiff to prove willfulness
- Then, on the issue of privilege, the Court held that:
 - the privilege is sacred
 - opinion counsel and trial counsel serve different functions
 - consequently, in a typical case, a waiver with respect to opinion counsel should not extend to trial counsel
- Beware though: Circuit Court's decision does not address possible extension of waiver to in-house counsel (footnote 2)

50
