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Privilege

International Issues in Privilege Protection: Practical Solutions

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In the United States, attorney-client privilege[1] (and, to a lesser extent, work product doctrine)[2] broadly protects communications between lawyer and client. These privilege protections cover a wide array of circumstances, including intra-corporate discussions, and discussions involving agents of counsel.

Internationally, however, many jurisdictions follow rules that protect a much narrower range of attorney-client communications.[3] The European Union, for example, unlike the United States,[4] does not generally

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[1] *See Mohawk Indus., Inc. v. Carpenter*, 130 S. Ct. 599, 606 (2009) (attorney-client privilege "encourages clients to make 'full and frank' disclosures to their attorneys, who are then better able to provide candid advice and effective representation"); *Swidler & Berlin v. United States*, 524 U.S. 399, 403 (1998) (attorney-client privilege is "one of the oldest recognized privileges for confidential communications"); *United States v. United Shoe Mach. Corp.*, 89 F. Supp. 357, 358 (D. Mass. 1950) ("The social good derived from the proper performance of the functions of lawyers acting for their clients is believed to outweigh the harm that may come from the suppression of evidence in specific cases."); *see generally* John Gergacz, *Attorney-Corporate Client Privilege* § 1.24 (2008).

[2] *See United States v. Adlman*, 134 F.3d 1194, 1196 (2d Cir. 1998) (work product doctrine intended to "preserve a zone of privacy in which a lawyer can prepare and develop legal theories and strategies with an eye toward litigation, free from unnecessary intrusion by his adversaries.") (quoting *Hickman v. Taylor*, 329 U.S. 495, 511 (1947)). The work product doctrine is embodied in Rule 26(b)(3) of the Federal Rules of Civil Procedure, and equivalent rules at the state court level.

[3] *See* Stephen A. Calhoun, *Globalization's Erosion Of The Attorney-Client Privilege And What U.S. Courts Can Do To Prevent It*, 87 *Tex. L. Rev.* 235, 236 (2008).

[4] U.S. courts generally do not differentiate between in-house counsel and outside counsel, in applying principles of

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recognize privilege[5] for a client's communication with in-house counsel.[6] The many differences in protection under foreign attorney-client privilege rules means that attorneys representing multinational clients must take special precautions to protect sensitive communications.

I. U.S. Privilege Law

In the United States, attorney-client privilege applies to communications made in confidence between attorney and client when the communications concern legal advice.[7] Persons covered include the client, the client's lawyer and agents of the lawyer for purposes of representation.[8] In-house lawyers are also subject to claims of privilege.[9] Corporations, like other clients, may avail themselves of privilege with regard to communications with outside and in-house counsel.[10] In-house counsel may serve as the client when communicating with outside counsel, or as an ''attorney-legal advisor'' when communicating with personnel within the organization.''[11] Further, investigators, law clerks and others who assist counsel may come within the protections of the privilege.[12] Moreover, communications among non-attorneys in a corporation may be subject to privilege, if ''made at the direction of counsel, to gather information to aid counsel in providing legal services.''[13]

Work product, by contrast, generally does not receive full protection unless it involves attorney ''opinion.''[14]

privilege protection. *See*, *e.g.*, *In re Echostar Comm. Corp.*, 448 F.3d 1294, 1299 (Fed. Cir. 2006) (fact that in-house counsel conducted internal investigation did not render opinions less privileged); *U.S. Steel Corp. v. United States*, 730 F.2d 1465, 1468 (Fed. Cir. 1984) (''retained counsel [and] in-house counsel are [both] officers of the court, are bound by the same Code of Professional Responsibility, and [both] are subject to the same sanctions''); *Allstate Ins. Co. v. Herron*, 393 F. Supp.2d 948, 956 (D. Alaska 2005) (privilege applies with equal force); *Premiere Digital Access, Inc. v. Cent. Tel. Co.*, 360 F. Supp.2d 1168 (D. Nev. 2005) (in-house counsel qualifies as attorney for purposes of privilege); *Ferko v. NASCAR, Inc.*, 218 F.R.D. 125, 139 n.13 (E.D. Tex. 2003) (attorney's status as in-house counsel ''neither dilutes nor waives the privilege''). Nevertheless, activity by in-house counsel may be subject to some heightened scrutiny, for privilege purposes, in certain instances. *See*, *e.g.*, *Financial Tech. Int'l Inc. v. Smith*, 2000 WL 1855131 at *1 (S.D.N.Y. Dec. 19, 2000) (where in-house counsel had law degree but never applied for admission to the bar, communications not protected by privilege).

[5] There are powerful advocates of expansion of privilege protection in Europe. *See* Memorandum By The Council Of Bars And Law Societies Of Europe (Sept. 2009), www.publications.parliament.uk (organization represents 700,000 European lawyers and recommends: ''The right to consult a lawyer in order to ask advice should always be provided on the basis that the client is assured that what is said to the lawyer, and the advice of the lawyer whether in writing or orally, remain confidential. This is part of fundamental freedoms and rights.''); International Chamber of Commerce, Competition Law And Legal Privilege (June 2006), www.iccwbo.org (noting ''necessity and importance of protecting the confidentiality and the privilege against evidentiary use of communications between a corporation and its legal advisers'' and arguing that the ''right to confidentiality should include company lawyers''); United States Counsel for International Business, Statement on Protecting the Confidentiality of Communications Between a Corporation and a Lawyer Employed by the Corporation (May 2005), www.uscib.org (arguing that ''compliance with the law requires confidential legal advice,'' that ''clients have a fundamental right to obtain confidential legal advice,'' and that ''the right to confidentiality should include company lawyers'').

[6] *See* Peter H. Burkard, *Attorney-Client Privilege In The EEC: The Perspective Of Multinational Corporate Counsel*, 20 Int'l Law. 677, 679 (1986); *see also* European Company Lawyers Association, *Legal Professional Privilege*, www.ecla.org (noting that ''European company lawyers work in very different jurisdictions, despite the fact that there is currently a common roof'' of the EU; on the continent, ''legal professional privilege'' is not the same as the common law privilege; ''it is similar to the duty (and right in some jurisdictions) of the fully qualified attorney or advocate to keep confidential everything he/she learned from the client in relation to providing legal advice''); *id.* (noting that ''the European Commission has, on several occasions, used company lawyers' notes against the client [where] the law was advising in EU competition cases''); ECLA, *Position Paper on Commission's Proposal on the Modernization of the Rules Implementing Articles 81 and 82 of the Treaty & Legal Privilege for In-House Lawyers* at 2-3 (Dec. 2000), www.ecla.eu (arguing that ''communications with in-house lawyers should receive the same treatment as those of outside counsel,'' because in-house counsel are ''increasingly organized and recognized in the Member States,'' in-house counsel often ''have the same academic legal qualifications,'' and compliance with ''professional standards'' can be achieved either by incorporating in-house lawyers into the bar or ''by creating a separate in-house lawyers professional group'').

[7] *See* Joseph Pratt, *The Parameters of the Attorney-Client Privilege for In-House Counsel at the International Level: Protecting the Company's Confidential Information*, 20 Nw. J. Int'l L. & Bus. 145, 153 (1999).

[8] *See* Lonnie T. Brown, Jr., *Reconsidering The Corporate Attorney-Client Privilege: A Response To The Compelled-Voluntary Waiver Paradox*, 34 Hofstra L. Rev. 897 (2006); Christopher Scott D'Angelo & Robert P. Blood, *The Scope And Use Of The Attorney-Client Privilege In The U.S. And Its Applicability To Communications At Home And Abroad*, 73 Def. Counsel J. 343 (2006).

[9] *See* Robert J. Anello, *Preserving The Corporate Attorney-Client Privilege: Here And Abroad*, 27 Penn State Int'l L. Rev. 291, 292 (2008) (noting ''well-established'' notion that ''work done by in-house counsel is as deserving of confidentiality protection as the work of outside counsel''); *see also* 1 David M. Greenwald, *Testimonial Privileges* § 1:21 (2005).

[10] Theodore C. Max, *New Developments Influencing New York Evidentiary Law and the In-House Attorney-Client Privilege*, in New Developments In Evidentiary Law In New York 67 (2011), *available at* 2011 WL 1574297, at *1.

[11] *Gucci America, Inc. v. Guess?, Inc.*, 271 F.R.D. 58, 70 (S.D.N.Y. 2010) (quoting *United States v. ChevronTexaco Corp.*, 241 F. Supp.2d 1065, 1073-74 (N.D. Cal. 2002)); *see id.* (''Communications with in-house counsel in the role of attorney-advisor are afforded the same protection as outside counsel, although communications conveying business (as opposed to legal) advice are excluded from the privilege.'').

[12] *See*, *e.g.*, *Louisiana Mun. Police Employees Ret. Sys. v. Sealed Air Corp.*, 253 F.R.D. 300, 311 (D.N.J. 2008); *Lugosch v. Congel*, 2006 BL 33059 at *47 (N.D.N.Y. Mar. 7, 2006); *In re Grand Jury Subpoenas dated March 24, 2003*, 265 F. Supp.2d 321, 325 (S.D.N.Y. 2003).

[13] *In re Copper Mkt. Antitrust Litig.*, 200 F.R.D. 213, 218 (S.D.N.Y. 2001).

[14] *See Madanes v. Madanes*, 199 F.R.D. 135, 150 (S.D.N.Y. 2001) (''Work product material that does not involve an attorney's thought process may be ordered produced if the discovery party demonstrates a 'substantial need[.]' . . . By contrast, opinion work product enjoys a near absolute immunity[.]'') (quotations omitted); *Astra Aktiebolag v. Andrx Pharm., Inc.*, 208 F.R.D. 92, 104 (S.D.N.Y. 2002) (potentially discoverable factual material must be distinguished from ''mental impressions, conclusions, or legal theories of a party's attorney or

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Further, documents prepared in the ''ordinary course of business,'' or that would have been prepared absent the prospect of litigation, receive no protection.[15] Yet, work product (like attorney-client privilege) may protect work performed by investigators or paraprofessionals ''enlisted by legal counsel'' to ''aid counsel in preparation for litigation.''[16] Indeed, the protection may apply to work product produced by a client at the direction of counsel.[17] Neither the work product doctrine, nor attorney-client privilege, however, can protect ''underlying facts'' from disclosure.[18]

II. International Privilege Rules

Although almost every foreign jurisdiction recognizes attorney-client privilege in some form, the scope of protection can vary significantly.[19] In some instances, the scope of foreign privilege protection may actually exceed U.S. protection.[20] Perhaps the greatest difference between the scope of protection in the United States and abroad relates to communications with in-house counsel. In the United States, confidential communications between corporate employees and in-house counsel regarding legal advice are generally afforded the same attorney-client and work product protections as those involving outside independent counsel.[21]

In foreign jurisdictions, wide variation may apply to protection of communications between employees and in-house counsel.[22] For instance, the Court of Justice of the European Union has held that privilege does not extend to in-house counsel.[23] Moreover, only a minority of EU countries recognize attorney-client privilege for in-house counsel.[24] This limit on protection for communi-

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other representative''); *United States v. Dist. Council of Carpenters*, 1992 WL 208284 at *10 (S.D.N.Y. Aug. 18, 1992) (opinion work product includes ''[h]ow a party, its counsel and agents choose to prepare their case''); *see also In re Initial Pub. Offering Sec. Litig.*, 249 F.R.D. 457, 459 (S.D.N.Y. 2008) (noting that ''factual material, including the result of a factual investigation,'' may fall within work product protection, even if not opinion work product). Rule 26(b)(3)(A)(ii) of the Federal Rules of Civil Procedure permits discovery of such information where a 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.'' *See National Congress for Puerto Rican Rights v. City of New York*, 194 F.R.D. 105, 110 (S.D.N.Y. 2000) (''substantial need'' exists where information sought is ''essential'' to the party's position); *see also Weist v. E.I. DuPont de Nemours & Co.*, 2010 BL 50931 at *3 (W.D.N.Y. Mar. 9, 2010) (substantial need shown where witnesses ''no longer available'' or reachable ''only with difficulty'').

[15] *See William. A. Gross Constr. Assoc., Inc. v. American Mfr. Mut. Ins. Co.*, 262 F.R.D. 354, 360 (S.D.N.Y. 2009).

[16] *Costabile v. Westchester*, 254 F.R.D. 160, 164 (S.D.N.Y. 2008); *see also SEC v. Strauss*, 2009 WL 3459204 at *6 (S.D.N.Y. 2009).

[17] *See, e.g., Gucci America, Inc. v. Guess?, Inc.*, 271 F.R.D. 58, 74 (S.D.N.Y. 2010) (citing *Kayata v. Foote, Cone & Beling Worldwide, LLC*, 2000 BL 1573 at *2-3 (S.D.N.Y. Apr. 26, 2000) and other authority).

[18] *See SR Int'l Bus. Ins. Co. v. World Trade Center Prop. LLC*, 2002 WL 1455346 at *4 (S.D.N.Y. July 3, 2002); *see also Upjohn Co. v. United States*, 449 U.S. 383, 396 (1981) (client ''may not refuse to disclose any relevant fact within his knowledge merely because he incorporated a statement of such fact into his communication to his attorney'').

[19] *See* Edward J. Imwinkelried, *The New Wigmore: A Treatise On Evidence: Evidentiary Privileges*, § 12.2.1 (2013) (noting nations with fewer privileges than U.S. law, such as England and Ireland, and nations with a wider array of privileges, such as Germany and France); Mark Kachner & Irfan Lateef, *Be Careful What You Write: Attorney-Client Privilege For International Businesses*, IBA Int'l Litig. News 22 (May 2012) (''some countries do not recognize privilege at all''); Lawtown P. Cummings, *Globalization And The Evisceration Of The Corporate Attorney-Client Privilege: A Re-Examination Of The Privilege And A Proposal For Harmonization*, 76 Tenn. L. Rev. 1, 15-16 (2008) (contrasting common law and civil law approaches to attorney-client privilege); James E. Moliterno & George C. Harris, *Global Issues In Legal Ethics* 115 (2007).

[20] *See* Alan S. Gutterman & Robert L. Brown, 1 *Going Global: A Guide To Building An International Business* § 16:30 (2011); Roger C. Park, *An Outsider's View Of Common Law Evidence*, 96 Mich. L. Rev. 1486, 1500 (1998) (rules of privilege ''sometimes sweep more broadly on the Continent than in the United States''); *see also In re Teleglobe Comm. Corp.*, 392 B.R. 561 (Bankr. D. Del. 2008) (noting that Canadian solicitor-client privilege is ''as close to absolute as possible,'' while U.S. privilege may involve balancing of interests in particular case); *Duplan Corp. v. Deering Milliken, Inc.*, 397 F. Supp. 1146, 1170 (D.S.C. 1979) (implying privilege protection for French patent agents, based on duty to ''preserve the secrecy of certain confidential communications'').

[21] *See* Louise L. Hill, *Disparate Positions On Confidentiality and Privilege Across National Boundaries Create Danger and Uncertainty for In-House Counsel and Their Clients*, 87-1st Corp. Prac. Ser. (BNA), at A-127 (2007) (citing *Upjohn Co. v. United States*, 449 U.S. 383, 394–95 (1981)).

[22] *See* Joseph Pratt, *The Parameters Of The Attorney-Client Privilege For In-House Counsel At The International Level: Protecting The Company's Confidential Information*, 20 Nw. Int'l L.& Bus. 145 (1999). The EU view of legal professional privilege, for example, generally encompasses: ''(i) all preparatory documents internal to the undertaking drawn up exclusively for the purpose of seeking legal advice from an independent lawyer entitled to practices his profession in one of the Member States in the exercise of the rights of defence; and (ii) all written communications emanating from such a lawyer for the purpose and in the interests of the client's defence, as well as (iii) all internal notes which are confined to reporting the text or the content of these written communications.'' Michael J. Friese, *The Development of General Principles for EU Competition Law Enforcement: The Protection of Legal Professional Privilege*, at 8 (2011), www.papers.ssrn.com (citing and explaining authorities).

[23] *See Akzo Nobel Chems. Ltd. v. European Commission*, Case No. C-550/07P (ECJ 2010) (privilege inapplicable where in-house counsel ''does not enjoy the same degree of independence from his employer as a lawyer working in an external law firm does in relation to his client''); *see also European Renewable Energies Federation ASBL v. European Commission*, Joined Case Nos. C-74/10 P & C-75/10 (ECJ 2010) (requirement of independent status is based on conception of lawyer's role as collaborating in administration of justice); *Hilti Aktiengesellschaft v. European Commission*, Case No. T-30/89 (Ct. of First Instance 1990) (independent lawyer means an ''external'' lawyer); *Australia Mining & Smelting Eur. Ltd. v. European Commission*, Case No. 155/79 (ECJ 1983) (privilege not available in competition law investigation where lawyer was ''bound to the company by a relationship of employment''). Indeed, in some instances, in-house counsel need not be licensed at all. *See Anwar v. Fairfield Greenwich Ltd.*, 2013 WL 3369084 at *2 (S.D.N.Y. July 8, 2013) (under Dutch law, in-house counsel need not be licensed; no recognized Dutch privilege for unlicensed lawyers).

[24] *See Shire Dev. LL v. Cadila Healthcare Ltd.*, 2012 WL 2564134 at *5 (D. Del. June 28, 2012) (noting that ''economic dependence and close ties'' with employer means that in-house lawyer does not ''enjoy the level of professional independence'' required to justify extension of privilege); Robert G.

cations with in-house counsel proceeds on the view that in-house attorneys do not possess the necessary independence from their clients to entitle them to privilege protection.[25] The ''precise legal boundaries'' of privilege protection, however, vary within EU member states, and between the member states and pan-EU institutions.[26] In some jurisdictions, moreover, some form of protection against production of confidential client information may apply; but U.S. courts do not necessarily view such protection as a form of ''privilege.''[27]

III. Interaction Between U.S. And International Privilege Law

Companies operating outside the United States are generally subject to the laws of the applicable jurisdiction (even if they may also be subject to U.S. law). Thus, for example, U.S. companies acting in the EU are generally subject to EU privilege laws and must recognize that communications accorded protection under U.S. privilege law may find protection in the EU.[28] If disclosure occurs in an EU proceeding, a U.S. court may later find that the company has lost privilege protection for those communications.[29] A U.S. court could hold that, by acting within a jurisdiction with narrow privilege rules, the company loses any reasonable expectation of confidentiality.[30]

In cases with international dimensions,[31] U.S. courts generally defer to the law of the country that has the ''predominant'' or ''most direct and compelling interest'' in determining whether communications are privileged.[32] For work product issues, however, U.S. courts generally view the issue as procedural, and thus exclusively subject to the rules of the forum.[33]

The generally recognized standard in cases involving choice-of-law analysis (regarding attorney-client privilege) is that ''any communications touching base with the United States will be governed by the federal discovery rules [including the U.S. formulation of the attorney-client privilege,] while any communications related to matters solely involving [a foreign country] will be governed by the applicable foreign statute.''[34] This ''touching base'' analysis depends greatly on the facts of each case,[35] and (as an alternative) may involve a form of ''comity'' analysis.[36] Courts using the ''touch-

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Morvillo & Robert J. Anello, *Attorney-Client Privilege in International Investigations*, N.Y. L.J., Aug. 5, 2008, www.law.com (''many foreign governments believe that in-house counsel lack the independence required to provide privileged legal advice;'' and ''the legal culture in foreign countries often dictates a sharp distinction between in-house and outside counsel [in terms of] legal education and professional training'').

[25] *See* Beth S. Rose, Sam Khichi & Micelle T. Quinn, *Challenges For In-House Counsel In Multinational Corporations: Preserving The Attorney Client Privilege In The Aftermath Of Akzo Nobel Chemicals Ltd. v. European Commission*, www.natlawreview.com (Apr. 5, 2011) (summarizing authorities).

[26] *See* Laila Abou-Rahme & Richard Hornshaw, *'Akzo Nobel': Implications For American Lawyers*, N.Y.L.J., Jan. 13, 2011, www.law.com.

[27] *See Gucci America, Inc. v. Guess?, Inc.*, 271 F.R.D. 58, 67 (S.D.N.Y. 2010) (''[A] professional secrecy obligation is not an evidentiary privilege—a critical distinction.'') (citing *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rourer, Inc.*, 1998 WL 158958 at *3 (S.D.N.Y. Apr. 2, 1998)); *In re Rivastigimine Patent Litig.*, 239 F.R.D. 357 (S.D.N.Y. 2006) (''[p]rofessional secrecy obligations'' fail to meet the ''classical formulation'' of the attorney-client privilege); *but see Astra Aktiebolag v. Andrx Pharm., Inc.*, 208 F.R.D. 92, 99 (S.D.N.Y. 2002) (where German courts ''may not compel'' patent attorney or agent to disclose communications, limitation ''suffices'' to establish privilege).

[28] *See* John Gergacz, *Privileged Communications With In-House Counsel Under The United States And European Community Law: A Proposed Re-Evaluation Of The Akzo Nobel Decision*, 42 Creighton L. Rev. 323 (2009).

[29] *See* Suyong Kim & Matthew Levitt, *Legal Professional Privilege Under European Union Law—Navigating The Unresolved Questions Following The Akzo Judgment*, 99 Antitrust & Tr. Reg. Rep. 565 (2010) (noting ''unresolved question'' whether waiver may occur,'' given ''uncertainty regarding the level of compulsion required to avoid the waiver of privilege''); *see also* Andrew R. Nash, *In-House But Out In The Cold: A Comparison Of The Attorney-Client Privilege In The United States And European Union*, 43 St. Mary's L.J. 453, 489 (2012) (''The inapplicability of the privilege in an EU proceeding could be interpreted as a waiver of the privilege in a corollary case in the United States.''). The rule outlined in *In re Vitamins Antitrust Litig.*, 2002 U.S. Dist. LEXIS 25789 (D.D.C. Feb. 7, 2002), to the effect that compelled disclosure does not constitute a waiver of privilege, arguably comes into play. In that event, a court would have to determine whether the compulsion was backed by sanctions for non-compliance, and whether the producing party had properly objected to the compelled production. *See id.*

[30] *See* Josephine Carr, *Are Your International Communications Protected?*, 14:6 ACCA Docket 32 (1996); *see also Louis Vuitton Malletier v. Doone & Bourke, Inc.*, 2006 U.S. Dist. LEXIS 87096 (S.D.N.Y. Nov. 30, 2006) (plaintiff waived privilege where it had ''no reason to believe that there was any expectation by the participants that confidentiality could be maintained in the face of French law''); *but see Renfield Corp. v. E. Remy Martin & Co.*, 98 F.R.D. 442 (D. Del. 1982) (because French in-house counsel served in ''functional equivalence'' of U.S. in-house counsel, privilege protected, despite location in France).

[31] The question of applicable privilege rules, in federal question cases, is governed by ''principles of common law.'' *See* Fed. R. Evid. 501; *Golden Trade S.r.L. v. Lee Apparel Co.*, 143 F.R.D. 514, 521 (S.D.N.Y. 1992).

[32] *See Astra Aktiebolag v. Andrx Pharm., Inc.*, 208 F.R.D. 92, 98 (S.D.N.Y. 2002); *see also* Robert A. McFarlane, *The Effect of International Comity on the Application of the Attorney-Client Privilege and Foreign Privilege Laws in U.S. Patent Litigation*, 23 *Santa Clara Computer & High Tech.*, L.J. 667, 676 (2007).

[33] *See Gucci America, Inc. v. Guess?, Inc.*, 271 F.R.D. 58, 73 (S.D.N.Y. 2010) (because the work product doctrine is ''procedural in nature,'' the ''rules of the forum court apply and it is therefore not subject to a choice of law analysis'') (citing cases).

[34] *Golden Trade, S.r.L. v. Lee Apparel Co.*, 143 F.R.D. 514, 520 (S.D.N.Y. 1992); *see also Anwar v. Fairfield Greenwich Ltd.*, 2013 WL 3369084 at *1 (S.D.N.Y. July 8, 2013) (applying *Golden Trade* rule).

[35] *See Gucci America, Inc. v. Guess?, Inc.*, 271 F.R.D. 58, 67 (S.D.N.Y. 2010) (''analysis is fact-specific''); Bernd Honsel et al., *Privileges and Protections—Attorney Client Privilege*, 1 Successful Partnering Between Inside And Outside Counsel § 23:22 (2012) (same).

[36] *See 2M Asset Mgmt, LLC v. NetMass, Inc.*, 2007 WL 666987 at *3 (E.D. Tex. Feb. 28, 2007) (noting alternative approach, ''grounded in comity''); *VLT Corp. v. Unitrode Corp.*, 194 F.R.D. 8, 16 (D. Mass. 2000) (suggesting that test should include traditional balancing of comity factors, to determine which sovereign has the ''most direct and compelling interest'' in the issue, and defer to the law of the foreign sovereign ''unless that law is clearly inconsistent with important policies embodied in federal law''); *Bayer AG v. Barr Labs. Inc.*, 33

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ing base'' analysis exercise discretion,[37] and may consider a number of factors, including whether the relevant communications involved U.S. attorneys, whether the client was a U.S. resident attempting to protect a U.S. right, and whether the actions at issue took place in the United States.[38] Even where communications ''involve foreign attorneys or a foreign proceeding,'' U.S. privilege may apply, so long as a ''more than incidental connection'' to the United States exists,[39] or where the intersection between limited foreign privilege and broad U.S. discovery might produce an unfair result.[40]

If communications neither ''touch base'' with the United States nor implicate U.S. public policy, a U.S. court will often apply the privilege law of the relevant foreign jurisdiction.[41] The application of foreign privilege law can lead to varying results, given the complexities in determining the law of the applicable country.[42] Many cases applying this analysis have involved patents, as patents are commonly litigated and often involve foreign parties whose home countries have adopted varying privilege rules with respect to communications with patent agents.[43] A minority of U.S. courts have suggested that foreign patent agents are never subject to privilege protection.[44] Yet, the ''weight of authority'' is to the contrary, and, where foreign law accords privilege to a patent agent's communications, then, as a matter of comity it may be respected unless an ''overriding'' U.S. policy intervenes.[45] Further, a patent agent supervised by a U.S. attorney during the course of communications may be subject to privilege protection.[46]

IV. Practical Suggestions

Given the complexities of privilege issues, the following suggestions are neither prescriptive, nor exhaustive. Each corporation must examine its own circumstances, to consider its needs and resources, in adopting and implementing policies regarding privilege protection. In determining priorities, the company may wish to consider: What are the most common forms of matters that may involve privileged communications? What are the most common forms of civil litigations or government investigations the company faces? Where, in the past, might the company have done a better job of protecting privileged communications? What are the easiest, cheapest, fastest, most effective means to improve the company's ability to protect privilege?

A. Education and Awareness. Recognize that different privilege rules may apply in different jurisdictions (and may be applied in different ways by various government authorities). Identify potentially applicable regulating jurisdictions, and review applicable privilege law.[47] Seek local legal advice where necessary.[48] Edu-

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U.S.P.Q. 1655 (S.D.N.Y. Dec. 16, 1994) (applying comity analysis).

[37] *See Madanes v. Madanes*, 199 F.R.D. 135, 145 (S.D.N.Y. 2001) (''Whether foreign law should play a role in defining the contours of the attorney-client privilege in any given case is a determination within the sound discretion of the court.'') (citing cases).

[38] Robert J. Annello, *Preserving the Corporate Attorney-Client Privilege: Here and Abroad*, 27 Penn St. Int'l L. Rev. 291, 310 (2008).

[39] *Gucci America, Inc. v. Guess?, Inc.*, 271 F.R.D. 58, 65 (S.D.N.Y. 2010) (quotation omitted); *see id.* at 67 (''touch base'' analysis ''must not necessarily be focused on where particular documents are located, or even where a particular person is situated at the time the communication is sent or received''); *Astra Aktiebolag v. Andrx Pharm., Inc.*, 208 F.R.D. 92, 98 (S.D.N.Y. 2002) (jurisdiction with predominant interest is either ''the place where the allegedly privileged relationship was entered into or the place in which that relationship was centered at the time the communication was sent'') (quotation omitted).

[40] *See Astra Aktiebolag v. Andrx Pharm., Inc.*, 208 F.R.D. 92, 102 (S.D.N.Y. 2002) (recognizing that ''vastly different discovery practices'' in Korea, which permit only ''minimal'' discovery, would mean that documents, otherwise not privileged under Korean law, would not be discoverable; thus, ''to apply Korean privilege law, or the lack thereof, in a vacuum—without taking account of the very limited discovery provided in Korean civil cases—would offend the very principles of comity that choice-of-law rules were intended to protect'').

[41] *See* David S. Jones, *The Privilege Stops At The Border, Even If A Communication Keeps Going*, 8 So. Carol. J. Int'l L. & Bus. 298, 314 (2012) (summarizing approaches of First and Second Restatements of Conflict of Laws regarding determinations of privilege protection).

[42] *See* Robert A. McFarlane, *The Effect Of International Comity On The Application Of The Attorney-Client Privilege And Foreign Privilege Laws In U.S. Patent Litigation*, 23 Santa Clara Computer & High Tech L.J. 667, 679 (2007) (noting ''complex analysis,'' ''varying results, '' and ''expensive discovery disputes'').

[43] *See* Michael Edward McCabe, Jr., *Attorney-Client Privilege And Work-Product Immunity In U.S. Patent Litigation*, in Vincent S. Walkowiak (ed.), *The Attorney-Client Privilege In Civil Litigation* at 476 (2008) (noting that, in many foreign countries, patent agents are not licensed attorneys, and thus privilege may not apply); *see also Willemijn Houdstermaatschaapij BV v. Apollo Computer Inc.*, 707 F. Supp. 1429, 1444 n.21 (D. Del. 1989) (noting that patent agents in Europe ''with rare exceptions, have no legal training and are not members of the bar''); *see generally* Daiske Ooshida, *The Applicability Of The Attorney-Client Privilege To Communications With Foreign Legal Professionals*, 66 Fordham L. Rev. 209, 211 (1997) (noting advisory role of legal professionals who are not ''lawyers'' in many foreign systems, who ''act as attorneys for all purposes relevant to the policies underlying the attorney-client privilege'').

[44] *See In re Rivastigimine Patent Litig.*, 239 F.R.D. 351, 356 n.10 (S.D.N.Y. 2006) (noting that ''[m]ore recent authority rejects this proposition'').

[45] *See*, *e.g.*, *Eisai Ltd. v. Dr. Reddy's Labs., Inc.*, 406 F. Supp.2d 341, 343 & n.2 (S.D.N.Y. 2005) (Japanese legal professionals known as ''benrishi,'' essentially acted as patent agents, but Japanese law accords privilege to their communications); *but see Alpex Computer Corp. v. Nintendo Co.*, 1992 WL 51534 (S.D.N.Y. Mar. 10, 1992) (declining to interpret Japanese law as containing privilege protection for ''benrishi'' communications); *see generally* James N. Willi, *Proposal For A Uniform Federal Common Law Of Attorney-Client Privilege For Communications With U.S. And Foreign Patent Practitioners*, 13 Tex. Intell. Prop. L.J. 279 (2005).

[46] *See In re Rivastigimine Patent Litig.*, 239 F.R.D. 351, 360 (S.D.N.Y. 2006) (remanding to Magistrate Judge for clarification) *In re Rivastigimine Patent Litig.*, 2005 WL 2319005 at *5 (S.D.N.Y. Sept. 22, 2005) (privilege may ''hinge on whether the patent agent or other non-attorney was assisting an attorney in communications with a client,'' but privilege would not apply where agent was ''merely acting as a conduit for information,'' as in ''simply convey[ing] client data to the patent office'').

[47] Summaries of world variations in privilege law appear in many places. *See*, *e.g.*, Lex Mundi, *In-House Counsel And The Attorney-Client Privilege* (2007), www.lexmundi.com (summarizing privilege law in more than 150 national and local juris-

cate managers and staff regarding the scope of privilege protection, and best practices for maintaining privilege.

Review company compliance and document management policies to ensure that they comport with the company's practices regarding privilege protection. Consider whether separate policies should apply to communications with counsel in certain jurisdictions, based on differences in privilege law.[49]

B. Contracting. Although choice of law and choice of forum solutions cannot solve all problems of privilege protection, they are among the easiest and cheapest methods of risk control. Consider language in contracts that specifies choice of law in the dispute resolution section. Reference jurisdictions that offer the appropriate privilege protection to meet the company's needs. Contracts might also state that, in the event of any dispute, persons acting in the capacity of counsel will be accorded the highest form of privilege otherwise available to any party to the transaction. Similar language might apply to the company's human resources contracts and employee policy manuals.

Consider the use of alternative dispute resolution, as a means to help avoid conflicts issues. ADR neutrals may have more flexibility than courts in applying a ''most favored nations'' form of privilege protection [50]

C. Corporate Counsel Operations. The structure and operations of a general counsel's office should aim (as a primary goal) on maximizing privilege protection.[51] The company may adopt specific rules regarding creation, identification and distribution of confidential communications. Written communications should be clearly marked as ''privileged,'' where appropriate.[52] Segregate privileged communications from business communications. Tag or store privileged documents in separate files, to ensure easy identification and avoid mistaken distribution.

Establish policies regarding creation and distribution of privileged communications. For certain purposes, oral legal advice may be preferable. ''Do not forward'' notices (or technology solutions) may be used to ensure that privileged communications are sent to authorized recipients only.[53]

D. Internal Investigations. Pay special attention to the problem of internal investigations at the company. [54] Often, given the volume of materials, and the need to identify witnesses and other sources of information, in-house counsel necessarily must be involved in the process.[55] Such investigations, moreover, often serve as the precursors to (or operate in parallel to) government regulatory investigations. In the EU, a practice known as ''dawn raids'' has developed,[56] in which regulators (chiefly in the antitrust/competition area) may descend upon a company's offices and seize records.[57]

In this situation, the presence of documentation at the location of the seizure risks exposure of otherwise privileged information to the vagaries of government regulator views on privilege.[58] Sensitive information

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dictions); Diana Good, et al., *Privilege: A World Tour, Global Counsel* 26 (Dec. 2004/Jan. 2005), www.uk.practicallaw.com.

[48] *See* Walfrido J. Martinez, *Recent Trends In And Practical Guidance For Preventing And Defending International White Collar Crime*, in *White Collar Enforcement: Leading Lawyers On Understanding International Developments*, 2010 WL 5312203 at *6 (2010) (''Attorneys representing clients in the international context must immediately familiarize themselves with the rules concerning privilege in order to minimize the risk of having privileged information disclosed to third parties.''); Rachel Adams et al., *Protecting Privilege in a Global Business Environment*, 27 No. 5 ACC Docket 30, 42 (2009).

[49] *See, e.g.*, J. Triplett Macintosh & Kristen M. Angus, *Conflict In Confidentiality: How E.U. Laws Leave In-House Counsel Outside The Privilege*, 38 Int'l Law. 35, 54 (Spring 2004) (noting ''concern for multinational entities that use in-house counsel in Europe'').

[50] Javier Rubinstein & Britton B. Guerrine, *The Attorney-Client Privilege And International Arbitration* at 10 (2012), www.kluwerarbitration.com (suggesting that arbitration tribunal could use ''most favored nation'' system of privilege protection, to ''avoid the prospect of defeated expectations'' on one side or the other).

[51] *See* E. Norman Veasey & Christine T. DiGuglielmo, *The Tensions, Stresses, And Professional Responsibilities Of The Lawyer For The Corporation*, 62 Bus. Law. 1, 33 (2006) (suggesting that hierarchical structure and increased consultation with outside counsel may help enable the general counsel to ensure that professional independence is maintained).

[52] *See* J. Triplett Mackintosh & Kristen M. Angus, *Conflict In Confidentiality: How E.U. Laws Leave In-House Counsel Outside The Privilege*, 38 Int'l Law. 35, 53 (2004) (suggesting use of ''privilege'' label as means to remind employees of nature of communication, and as means to demonstrate intention to protect confidentiality). The ''privileged'' marking may be added to each page of the document, as a running header or footer.

[53] *See generally* Anne-Laure Broeks, *Legal Privilege And The Challenge Of Technology*, www.insidecounsel.com (May 16, 2013).

[54] *See* Lucian E. Dervan, *International White Collar Crime And The Globalization Of Internal Investigations*, 39 Fordham Urb. L.J. 361, 372-73 (2011) (''While it is common for in-house counsel in the United States to perform a preliminary inquiry to determine whether outside counsel is required for a more comprehensive investigation, in some jurisdictions the materials and information collected during this initial appraisal might not be protected from compulsory disclosure. . . . While grappling with the difficulties presented by these divergent privilege rules is challenging, conducting an international internal investigation without consideration of their impact on the course and conduct of the inquiry could be fatal.''); *id.* at 388 (''Counsel must avoid the temptation of utilizing a standard American-style investigatory technique when undertaking multi-jurisdictional investigations.'').

[55] *See* Scott Martin, *Can Anyone Keep A Secret Anymore?*, N.Y.L.J., Nov. 16, 2009, www.law.com (noting that significant matters ''often involve internal investigations,'' and that ''huge masses of documents'' may require ''active involvement of in-house counsel'' to facilitate review and early case analysis).

[56] Similar procedures may apply in other jurisdictions. *See* Anurag Bana, *The Curious Case Of The 7 Cs—Competition, Commission, Communications*, Corporate Counsel And Confidentiality In Client Attorney Privilege In India at 2 (Apr. 2010), www.globalcompetitionforum.org (noting that India's competition law ''has sought inspiration from the U.S. and EU competition laws,'' and includes a procedure for ''dawn raids'').

[57] *See* Stefan Rating & Yolanda Martinez Mata, *Dawn Raids Of The European Commission: Limits To Document Seizure*, 14 ERA Forum 9 (2013) (noting that regulators are charged with recognition of legal professional privilege, but determination of privilege issues may be unclear); Bartosz & Agata Zawlocka-Turno, *Legal Professional Privilege And The Privilege Against Self-Incrimination In EU Competition Law After The Lisbon Treaty—Is It Time For A Substantial Change?*, 5 Yearbook of Antitrust & Reg. Stud. 193, 207 (2012) (suggesting that, during dawn raids, EU regulators in practice usually take a ''pragmatic view'' of privilege issues).

[58] One problem is the fact that individual national competition authorities may take a more generous view of privilege

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(such as notes of interviews and summaries of the results of internal investigations) thus may require particular care, if the company wishes to protect privilege.[59] The safest course, no doubt, is to create *no* record of this type.[60] The second safest course is to locate such records away from the company's offices, in a jurisdiction most likely to recognize the privileged status of the records. The third safest course may be to engage local, outside counsel.[61] On this approach, outside counsel might either conduct much of the internal investigation, or in-house counsel might conduct the investigation and orally report to outside counsel (who, alone, would maintain written records of the investigation and its results). Distribution of sensitive records from such investigations must be strictly limited.

E. Use of Outside Counsel. The engagement of outside counsel can be expensive. Thus, where the company requires such services, special care should apply, to assure that the company gets the full benefits of privilege protection associated with such engagement. Where deemed necessary (critical counseling issues, investigations, and major disputes, for example), hire outside counsel immediately, to ensure maximum potential privilege protection from the start of the problem.

Once counsel is engaged, limit the distribution of written communications with outside counsel. Avoid forwarding or copying external legal advice. Circulate on a ''need-to-know'' basis. Especially in the EU, do not summarize or annotate external legal advice. If circulated, written legal advice from outside counsel should be presented in its original form, without additional comment.[62] Clearly label all such communications as privileged, and ensure that they are safely (and separately) stored.

Recognize that privilege rules vary from jurisdiction to jurisdiction. Thus, use outside counsel appropriate to the particular assignment and applicable jurisdiction. Until the EU clarifies that ''independent'' counsel include outside counsel in non-EU jurisdictions, take note of the privilege risks associated with use of U.S. counsel for EU investigations.[63]

G. Proof of Foreign Law. Ultimately, where challenges to privilege claims arise in the context of litigation, government investigations or regulatory proceedings, the company must be prepared to demonstrate the bases for its privilege claims. Such claims may depend on the structure and operations of the company in protecting confidential information, but almost certainly will also turn on demonstrating the law applicable to the claim.

In the United States, proof of foreign law, under the Federal Rules of Civil Procedure, is a question of federal law.[64] As a result, a U.S. court may ''make its own determination of foreign law based on its own research.''[65] Yet, as a practical matter, most courts will expect submissions from the parties regarding choice of law questions, and the merits of claims of privilege. Preparation for such challenges, in advance of an actual dispute, may aid the efficiency and effectiveness of the company's legal presentation when the challenge comes.[66]

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than the EU institutions themselves. Thus, depending on who participates in the seizure (EU or national authorities, or both) materials may, or may not, enjoy privilege protection. *See* Maciej Bernatt, *Convergence Of Procedural Standards In The European Competition Proceedings*, 8 Competition L. Rev. 255 (2012) (noting need for ''greater convergence'' in procedural standards between EU and national authorities); *Professional Privilege Litigation Remains A Live Issue In Europe's Courts*, www.ibanet.org (2007) (noting decisions of national courts at odds with EU treatment of privilege issues).

[59] One significant concern is the risk that, once privileged documents have been seized by foreign regulators, the materials may be shared with U.S. regulators (and even become available in U.S. litigation). *See* James Miller, *Globalization And The Erosion Of The In-House Attorney-Client Privilege* at 110 (Oct. 27, 2010), www.trial.com (''Privileged documents seized by relatively unfettered European investigators may be shared with U.S. regulators and prosecutors.''); *see also* id. at 111 (noting that, in recent years, EU regulators have conducted dawn raids ''on a vast range of industries'' and noting that the *Akzo* decision involved a ''dawn raid'').

[60] *See* Association of Corporate Counsel, Member Briefing On The Akzo Decision And Related Concerns Regarding The Application Of Legal Professional Privilege To Corporate Counsel Communications at 19 (Sept. 14, 2010), www.acc.org (''A safe (but potentially inefficient) approach for in-house counsel and corporate management is to operate as if each internal communication between them could be seized by the enforcement authorities or become available to counterparties in a litigation, and the in-house attorney himself could be called as a witness in a proceeding. This approach involves limiting written communications, and being very careful about what can be put in writing.'').

[61] *See* Sam Widdoes, *Privilege In A Global Landscape*, www.acc.com (2013) (''When dealing in other countries, hiring local outside counsel will provide the company with the highest level of protection[.]'').

[62] *See* Paul Lefebvre, David J. Rosenberg, Matthew Zwick & Chloe Vialard, *Legal Professional Privilege: Comparing Different Approaches Within The United States And The European Union*, 79 Defense Counsel J. 49, 65 (Jan. 2012) (''[N]otes that simply copy the contents of communications with external counsel are also protected; however, notes that comment on such correspondence may not be confidential, and therefore, may not be afforded LPP protections.'').

[63] *See* Justine N. Stefanelli, *Negative Implications Of EU Privilege Law Under Akzo Nobel At Home And Abroad*, 60 Int'l & Compar. L.Q. 545, 556 (2011) (noting that *Akzo* decision to exclude lawyers qualified outside the EU from application of legal professional privilege appears ''anachronistic'' and ''does not take into account the extent to which the EU does business with third countries, including the U.S.''); *id.* at 554 (''If foreign clients are unable to consult U.S. lawyers without fear that their communications will later be exposed, either in the EU or in the United States through some manipulation of U.S. privilege law, the consequences for and burdens on international business could be vast.''); *see also* Scott Martin, *Can Anyone Keep a Secret Anymore?*, N.Y. L.J., Nov. 16, 2011, www.law.com.

[64] *See* Fed. R. Civ. P. 44.1. The burden is on the party claiming the privilege to demonstrate a basis for the claim. *See Saxholm AS v. Dynal, Inc.*, 164 F.R.D. 331, 337-38 (E.D.N.Y. 1996) (noting failure to demonstrate that privilege applied to Danish patent agents); *Santrade, Ltd. v. G.E. Co.*, 150 F.R.D. 539, 546 (E.D.N.C. 1993) (burden to demonstrate basis for privilege applies to ''each country'' at issue).

[65] *See Curtis v. Beatrice Foods Co.*, 481 F. Supp. 1275, 1285 (S.D.N.Y. 1980) (judge may ''reject even the uncontradicted conclusions of an expert witness'' and reach ''own decisions on the basis of independent examination of foreign legal authorities''); *Loebig v. Larucci*, 572 F.2d 81, 85 (2d Cir. 1978) (Rule 44.1 ''permits parties to present information on foreign law,'' but court may make its own determination based on research); *see also In re Nigeria Charter Flights Contract Litig.*, 520 F. Supp.2d 447 (E.D.N.Y. 2007) (reviewing cases).

[66] One can imagine gathering together treatises and other authorities on conflicts and substantive privilege law, and even

Conclusion

Issues of privilege are rarely easy, even when they involve a single jurisdiction and single transaction. The international context can multiply the complexities and uncertainties of determining what law applies, and how that law should determine the specific privilege issues presented. Given these challenges, companies should address privilege protection as an essential part of their legal risk analysis and preparedness.[67]

identifying potential experts to address such questions in the event of a dispute. In addition, samples of briefs and expert submissions from other proceedings may be gathered in preparation for future disputes.

[67] Additional challenges, of course, await even the most conscientious of corporations. *See*, *e.g.,* Jorg Rehder & Erika C. Collins, *The Legal Transfer Of Employment-Related Data To Outside The EU: Is It Still Even Possible?*, 39 Int'l Law. 129 (2005) (''Current [EU] data privacy laws place multinational companies in an unenviable position. On one hand, the laws are broadly worded yet strict, and on the other, a multitude of questions regarding application and enforcement remain unanswered.'').

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