

Protecting

How

easily can privileged communications with your business clients become admissible evidence in a subsequent litigation or investigation? It is easier than you may think — especially if your company conducts business globally.

Picture this scenario: You are the head of litigation at a NYSE-member global firm. A class action is pending against your company in a California federal court. Your opponent serves discovery requests for documents located in eight of your offices, including California, London, Paris, Frankfurt, Brussels, Stockholm, Tokyo and Seoul. In each of these offices, your company has in-house counsel. A young associate at your outside law firm in California has been hard at work preparing a privilege log of the documents that have been retrieved electronically from the offices. The associate calls you for your input. She is trying to determine whether the following documents should be logged as privileged:

- drafts of acquisition documents that both the US in-house lawyers and human resources staff have red lined and circulated within the legal department, with a copy to the director of finance and VP of sales in the United States;
- a memoranda prepared by your Dutch in-house lawyers, discussing how to avoid a potential antitrust investigation in Europe and sent to in-house counsel in each of the offices; and
- a privileged legal research memoranda prepared by your US in-house counsel found in the efiles of your colleagues in Paris, which were seized in a sweep by regulators in connection with a European Commission's competition investigation.

Some of the documents contain information that would be harmful to your defense of the California action if said information were required to be produced.

How do you respond?

in a Global Business Environment

Privilege

By Rachel Adams, Yuri Mikulka and Jennifer Bagosy



Review this hypothetical with your legal colleagues, and you would be surprised how many respond that all of these communications would be protected by the attorney-client privilege simply because they were prepared by, read by or forwarded to an in-house lawyer.

These days, maintaining the attorney-client privilege can be tricky, even in the United States where the common law protection and privilege rules are relatively clear. Add to this the vastly divergent, and often inconsistent, privilege rules around the globe and you may have thorny issues to consider in discovery. In this climate, in-house counsel seeking to assert corporate privilege — in the United States or elsewhere — must carefully analyze the implications of privileged information that has been (or will be) circulated on a global basis. This article explores the issues lawyers in global businesses should consider in maximizing the attorney-client privilege protection afforded in their discussions of legal advice, particularly in light of the 2007 decisions *In re Vioxx Litigation*,¹ and *Akzo Nobel and Akcros Chemicals v. Commission*.²

The Effect of In-house Counsels' Dual Legal and Business Roles on the Assertion of Attorney-Client Privilege

Even in the United States where it is well-established that communications relating to legal advice between in-house counsel and corporate employees are subject to the attorney-client privilege, a corporation can easily lose that protection when privilege is not carefully preserved. Merck & Co. learned this the hard way in *Vioxx*.

In that case, the District Court for the Eastern District Court of Louisiana rejected Merck's assertion of attorney-client privilege for thousands of internal electronic emails and documents, finding that Merck had failed to provide affidavits supporting its claim of privilege as to each individual document. In so doing, the court made several general pronouncements that could have far-reaching implications for in-house lawyers fulfilling dual roles, and for communications in highly regulated industries.

The lesson of the *Vioxx* opinion was that, as one heading proclaimed, "the corporation's choices have consequences." *Id.* at 805. These choices include who in-house attorneys and their colleagues include on their distribution lists, how edits to documents are formatted, how documents are labeled and filed, and what type of communications constitute legal advice. As described later, these choices impact



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not only whether a privilege might be waived, but also in some cases whether the communication is privileged in the first place. While Merck argued that the documents should be privileged because they could have been sent in a different manner, the court was not persuaded. They stated, "Merck, in a variety of instances, 'could have had a V-8,' but it chose another format and manner of document circulation and cannot now be heard to complain about the consequences of those choices." *Id.* at 806. The *Vioxx* court then issued several rulings which together defined the scope of attorney-client privilege by elucidating restrictions on the privilege.

First, the court held that documents sent to lawyers and non-lawyers containing the same request for advice — and counsel's responses thereto — were not privileged, because the fact that the query was sent to non-lawyers meant it was seeking business and not legal advice. *Id.* at 805. As the court explained,

This problem of determining the type of services being rendered by the advent of email that has made it so convenient to copy legal counsel on every communication that might be seen as having some legal significance at some time, regardless of whether it is ripe for legal analysis. *Id.* at 798.

The court recognized that corporations benefit from choosing to have in place intelligent and informed attorneys' advice on business matters. But it warned that the cost of making this choice may be a loss of privilege if the purpose of the communication is not clearly defined. Despite the court's focus on the problems caused by over-use of email at Merck, its warning applies equally to all document types and forms of communication.

Second, the court found that providing legal advice in the form of line-edits in a document does not necessarily protect the document from discovery. The court explained:

Modern technology has made it possible for the attorneys to electronically respond with their advice on the non-privileged attachments to the original mixed purpose communications. This is done through electronic line edits.... Merck has claimed that what was otherwise discoverable... is now made non-discoverable because of the manner in which its lawyers *chose* to reveal their advice. This is not acceptable. Merck cannot be

Ten Tips for Preserving Attorney-Client Privilege

- **Know your rules.** Understand and keep up with the laws and rules that apply to attorney-client communications in the jurisdictions where your company does business. Laws and rules vary drastically depending on the jurisdiction.
- **Think about your role.** Consider the roles you play and recognize that only part of what you do each day may be subject to the attorney-client privilege.
- **Be label-conscious.** Label documents containing legal advice or seeking information for the purpose of rendering legal advice “Attorney-Client Privileged & Confidential.” But do not label indiscriminately — doing so will only make a court or adversary skeptical about your privilege assertions.
- **Keep it separate.** Split communications regarding legal and business advice and send as two separate communications; clearly state that the first is intended as confidential legal advice.
- **Do not share.** Tell your company’s employees to pose any questions intended as requests for legal advice only to you and other members of the legal department. If they must copy non-lawyers on the communication, they should make clear in the communication that advice is being sought only from the lawyers.
- **Start fresh.** Resist the temptation to push the “reply all” button to email chains. Send a new email whenever it may concern legal advice.
- **Be wary of notes.** When you provide legal advice at a meeting, ask those taking notes (and who may email others about the meeting later) to start a fresh page and write “Legal Advice: Privileged & Confidential” at the top of these notes or emails.
- **Explain why at the outset.** If you work in a heavily regulated industry and you are certain that your regulatory advice needs to be privileged legal advice, consider writing a brief sentence in each such communication explaining why the information is privileged. This will better protect the privilege — and save outside counsel fees that would otherwise be incurred to investigate the rationale for the privilege.
- **Keep it simple.** Explain the consequence of careless communications to company employees and develop clear, simple guidelines that they can follow to avoid risky communication habits.
- **Get help.** Hire outside counsel to handle internal investigations and other highly sensitive projects to maximize the protection of sensitive communications.

permitted to deprive adversaries of discovery by voluntarily *choosing* to electronically superimpose that legal advice on the non-privileged and, therefore, discoverable communications. *Id.* at 806 (emphasis in original).

This rationale would apply equally to handwritten edits and markups of documents. Thus, if otherwise non-privileged documents containing attorney edits cannot be redacted, such documents must be produced regardless of whether they contain legal advice in the form of line-edits.

Third, the court held that communications between in-house lawyers and corporate employees in a highly regulated industry are not necessarily protected without an individualized showing of privilege (i.e., detailed privilege log). Merck had argued that because the drug industry is heavily regulated, nearly every communication implicating regulatory matters may contain legal ramifications. The court acknowledged that “services that initially appear to be non-legal in nature, like commenting upon and editing television ads and other promotional materials could, in fact, be legal advice within the context of the drug industry.” *Id.* at 800. But these general principles did not substitute for individualized proof that the specific documents withheld were, in fact, legal in nature. The court held that Merck and other litigants must show that each document for which privilege was claimed was sent for the “primary” purpose of obtaining or providing legal advice.

Fourth, the court clarified a common misconception that a document gains a privilege merely because it is forwarded by an attorney. The court agreed with the Special Master that “[f]orwarding a document by a lawyer is not necessarily rendering legal advice or assistance,” and added further that there was no privilege where a document forwarded by an attorney “was not prepared by an attorney, nor commented on by an attorney.”

Finally, the court required that each email in a chain for which privilege is sought must be separately entered in a privilege log: “Email threads (a series of email messages) in which attorneys were ultimately involved were usually inappropriately listed on the privilege log as one message.” Noting that some email threads contained between 10 and 14 messages *before* an attorney was involved, the court found that plaintiffs did not have a “fair opportunity to evaluate privilege claims” of allegedly privileged emails that were not individually Bates stamped and logged. As the court stated, “Simply because technology has made it possible to physically link these separate communications (which in the past would have been separate memoranda) does not justify treating them as one communication....” *Id.* at 812. In fact, at least one other federal case, *C.T. v. Liberal School District*,³ has also held that each email in a chain must be separately listed on a privilege log.

There are no guarantees that all courts will take such a strict approach to privilege. A Pennsylvania court, for example, refused to adopt *Vioxx* as persuasive in *SEPTA v. CaremarkPCS Health, L.P.*⁴ Recognizing that “[t]he Vioxx Court enlisted the assistance of Special Master Paul Rice, a well known scholar in the area of attorney-client privilege, and Special Counsel Brent Barriere to resolve

a number of attorney-client privilege disputes,” the court nonetheless found that *Vioxx* was inapplicable to the contract dispute before it because it did not involve the “pervasive regulation” theory Merck advanced in *Vioxx*. *Id.* Another case, *Rowe v. E.I. DuPont de Nemours & Co.*,⁵ relied on *Vioxx* but declined to interpret it in a way that made the recipients of a document

Representative Global Privilege Rules

COUNTRY	EXISTENCE & BASIS OF PRIVILEGE	TO WHOM DOES THE PRIVILEGE APPLY?	DISCLOSURE OBLIGATIONS
Belgium	<p>“Professional confidentiality” or “professional secrecy” means lawyers must keep client confidences and anything learned in the exercise of their profession secret, except where the law requires them to testify or disclose documents.</p> <p>The client may not produce attorney-client correspondence marked confidential unless the lawyer consents.</p> <p>Correspondence between lawyers cannot be used as evidence unless marked “official.”</p>	<p>Advice rendered by in-house attorneys who are members of the Belgian Institute of Company Lawyers to their employers as part of their legal advisor function is <i>confidential</i>, per the Belgian Act of March 1, 2000.</p>	<p>Litigants only produce documents on which they intend to rely.</p>
EC	<p>Privilege applies to communications made for the purpose of furthering the client’s defense in a European Commission investigation.</p>	<p>Independent lawyers qualified to practice in a member state.</p> <p>No privilege for communications between in-house counsel and employees.</p>	<p>Broad discovery obligations in the context of EC investigations; documents may be seized.</p>
France	<p>Attorneys may not divulge client information or disclose client communications.</p> <p>This professional confidentiality protects documents by forbidding disclosure to courts or transmission to clients unless marked “official.”</p>	<p>French attorneys admitted to the bar (“<i>avocat</i>”).</p> <p>No privilege for communications between French and foreign attorneys.</p> <p>No privilege for communications between in-house counsel and employees.</p>	<p>Litigants only produce documents on which they intend to rely.</p>
Germany	<p>There is no privilege per se, but client documents in lawyer’s possession are generally protected from disclosure.</p>	<p>Attorneys, including patent agents.</p> <p>In-house counsel communications with outside counsel are protected. In-house counsel communications with employees are not protected.</p>	<p>Litigants only produce documents on which they intend to rely.</p>
Japan	<p>There is no privilege per se, but attorneys have a non-disclosure obligation, which allows them to refuse to testify to facts obtained through the attorney’s work. This includes a right to refuse to produce documents revealing client facts.</p> <p>The right to refuse to produce such documents is not absolute and can be overcome in certain circumstances.</p>	<p>Attorneys known as <i>Bengoshi</i>. <i>Shiho-shoshi</i> and <i>gyosei-shoshi</i> are types of lawyers who do not have a right to refuse to provide documents and testimony, but they must keep client confidences.</p> <p>No rule regarding whether in-house counsel are covered; most in-house counsel have no law license.</p>	<p>The court may issue a Documents Production Order requiring disclosure of certain categories of documents. The discovery obligations are not as broad as in the United States.</p>

the sole determining factor for privilege. Rejecting the plaintiff’s argument that any document sent to both lawyers and non-lawyers could not have served a legal purpose and thus could not be privileged, the court found that “the court’s inquiry should not focus on whether the recipients of the email are lawyers; rather, the court must determine whether the primary purpose and content of

the email is predominantly legal. *Id.* at **41-42.

As the courts parse the meaning of *Vioxx*, they will undoubtedly arrive at diverging conclusions about its scope and applicability. Yet one thing is clear: the *Vioxx* decision underscores the importance of fully understanding the scope of the privilege that applies to your communications. At a minimum, in-house counsel must understand

Representative Global Privilege Rules

COUNTRY	EXISTENCE & BASIS OF PRIVILEGE	TO WHOM DOES THE PRIVILEGE APPLY?	DISCLOSURE OBLIGATIONS
Korea	No privilege. Parties may not shield documents with attorney-client communications. Lawyers must keep client secrets confidential, but can choose to share those secrets when testifying in court.	N/A	Litigants only produce documents on which they intend to rely, with very limited exceptions for court-ordered disclosure of specific matters.
The Netherlands	Lawyers may not testify in court to communications with clients regarding legal matters, absent client consent. Correspondence between lawyers cannot be used in court, absent client or bar association president’s consent. Attorney-client communications at the client’s office may not be seized.	Attorneys. No privilege for communications between in-house counsel and employees, even if in-house attorneys are admitted to the bar. In-house counsel is not considered independent due to employee status.	Court may order disclosure of specific documents.
Sweden	Privilege applies to protect confidential information obtained in representing a client for a certain class of attorneys.	<i>Advokat</i> : All confidential information obtained in representing a client privileged. Non- <i>advokat</i> trial attorney: Only confidential communications for litigation protected.	Litigants produce documents on which they intend to rely, but may also have to identify documents in their possession upon request from opponent. Government may not seize documents except where specifically authorized by law.
England and Wales	Legal advice privilege (like attorney-client) protects communications between lawyer and client for the dominant purpose of giving legal advice, but not communications with third parties. Litigation privilege (like work product) protects documents prepared for the dominant purpose of giving or obtaining advice or evidence in litigation (including communications with third parties).	Solicitors and their employees, barristers and patent agents (or anyone a client believes to be so qualified). In-house counsel’s communications with employees privileged if for legal and not business advice.	Litigants must produce documents on which they intend to rely, documents which adversely affect their own case and documents which would adversely affect or support another party’s case.

The table above seeks to summarize and compare approaches taken to privilege and professional secrecy in a few key jurisdictions. It is always important to bear in mind that many jurisdictions are not clear or consistent in how they approach these issues. Always obtain specialist local advice.

which of their roles and communications are protected by the attorney-client privilege. Further, in-house counsel must educate company employees to involve counsel before forwarding to other non-lawyers any communication that contains potentially privileged legal advice.

The Effect of Globalization on the Corporate Attorney-Client Privilege

Many of us advise multi-national global companies. These days, it is not uncommon to find ourselves and our business colleagues in contact with colleagues in foreign offices, often on a daily basis and by email. By the virtue of increased business abroad, potentially privileged communications with colleagues in foreign jurisdictions may become the subject of discovery disputes in civil and

regulatory proceedings domestically and internationally. In those instances, even communications that would normally be deemed privileged in the United States may not be protected, depending on to whom, how and for what purpose the communication was conducted abroad.

In determining whether you can successfully assert a privilege for communications in foreign jurisdictions, you must consider the following three preliminary factors:

- Does the foreign jurisdiction respect some form of attorney-client privilege?
- Do lawyers in that jurisdiction have an obligation to produce documents they do not intend to rely upon in the litigation?
- Will the court apply the privilege law of the foreign jurisdiction?

ACC Extras on...Attorney-Client Privilege

ACC Docket

- *Thirteen Steps to Cope with Corporate Privilege Erosion.* Maintaining corporate privilege has become increasingly difficult. These authors identify some long-standing and more recent threats to corporate privilege. www.acc.com/docket
- *Managing the Global Legal Department.* As businesses continue to expand their operations beyond the borders of the United States, the scope of the in-house attorney's role also grows. This article looks at how corporate law departments are stepping up to the challenge of managing the environmental, social and liability risks involved in global expansion efforts. www.acc.com/docket
- *Going Global: Creating an Effective Global Compliance Program with Limited Resources.* When small legal teams are faced with designing an effective compliance program, especially one covering a company's business operations internationally, the task can seem daunting. In this article, you can find five tips for making this job much easier. www.acc.com/docket
- *Going Global: Akzo Case Delivers Hit to European In-house Privilege.* Read Sabine Chalmers' take on the Akzo case and its impact on attorney-client privilege in Europe. www.acc.com/docket
- *International Practice Almanac.* This unique tool provides you with guidance on crucial questions you need to answer before you engage or retain legal services in other countries. Go to www.acc.com and use "international practice almanac" in the search box.

ACC Advocacy Resources

- **ACC Supports Akzo Case.** www.acc.com/chapters/euro
- **ACC Amicus in BCE Case-Protecting Privilege in**

Parent-Subsidiary Context.

- www.acc.com/advocacy/keyissues/upload/teleglobe.pdf
- **ACC's Pragmatic Practices in Privilege Protection.** www.acc.com/public/attyclientpriv/pragpract.pdf
- **ACC's Focus Documents on Privilege Protection.** www.acc.com/advocacy/keyissues/privilege.cfm

Quick Reference

- *Cover Letter: "Attorney-Client Privilege in the European Commission."* Read this letter to Charles A. James, assistant attorney general for the United States Department of Justice Antitrust Division, to urge the office to help its European counterparts understand the reasons for and significance of the attorney-client privilege for in-house counsel. www.acc.com/legalresources/quickreferences

InfoPAKSM

- *Global Law Department.* These materials provide guidance on the issues facing emerging global law departments and are also intended to help a multinational corporations navigate the process of establishing a more effective global legal group. www.acc.com/legalresources/infopaks

Websites

- <http://www.ejustice.just.fgov.be/cgi/api2.pl?lg=nl&pd=2000-07-04&numac=2000009248>
- <http://www.ejustice.just.fgov.be/cgi/api2.pl?lg=fr&pd=2000-07-04&numac=2000009248>

ACC has more material on this subject on our website. Visit www.acc.com, where you can browse our resources by practice area or use our search to find documents by keyword.

Privilege Laws of Foreign Jurisdictions

Generally, discovery in the United States is very broad. Therefore, the attorney-client privilege is available to protect from production communications between attorneys and clients and to “encourage clients to be forthcoming and candid with their attorneys so that the attorney is sufficiently well-informed to provide sound legal advice.”⁶ The attorney-client privilege as US lawyers may understand it, however, is not available in

many other countries. In many jurisdictions, discovery is very limited and thus the policy underlying the attorney-client privilege differs from that in the United States. Often, in foreign jurisdictions, the communication itself is not privileged. Rather, a lawyer is under a duty to not disclose the information pursuant to professional secrecy and confidentiality rules, and the information generally is not subject to mandatory disclosure in any event.

For example, Korea does not allow parties to shield documents that reflect attorney-client communications and, until 1998, neither did Japan.⁷ Korean law, however, does not impose broad discovery obligations on its attorneys and excuses them from testifying in court about their clients’ secrets (although that privilege belongs to the attorney alone).⁸

The United Kingdom, Sweden, the Netherlands, Japan, Austria, Germany, France and Canada have some form of attorney-client privilege.⁹ Yet, their attorney-client privilege and discovery rules are not coextensive with that in the United States.

Most notably, a number of countries do not apply their attorney-client privilege to in-house counsel.¹⁰ For instance, German law may recognize a privilege for in-house counsel communications with outside counsel, but internal communications are not protected. Switzerland generally does not recognize a privilege for in-house counsel’s advice due to a perceived lack of independence.¹¹ One court explained:

The in-house lawyer, who is already balancing competing interests as an officer of the court and advocate for the corporation, is also an employee of the corporation... The concern is that when a lawyer is dependent on the client for his livelihood, he will be less likely to exercise objective counseling because he has too great an interest in the outcome of his advice.¹²

While not consistently held throughout Europe, this is the view of the European Court of First Instance (CFI), the second-highest court in the European Union (EU). In a long-awaited decision, *Akzo-Nobel v. Commission*, CFI held that the protection of legal professional privilege (a concept similar to attorney-client privilege in the United States) does not extend to advice of in-house counsel to corporate employees in connection with the European Commission’s (EC) competition investigations.¹³ Thus, while an in-house attorney’s internal dissemination of outside counsel’s verbatim advice is privileged, and while documents drafted by in-house counsel for purposes of obtaining legal advice from outside counsel may be privileged under current legal authority, in-house counsel’s own advice is not. This opinion has been the subject of much controversy and may potentially expose communications, which would

Key Holdings That Impact Attorney-Client Privilege of Corporations

In *In re Vioxx Products Liability Litigation*, 501 F. Supp. 2d 789 (E.D. La. 2007), decided August 14, 2007, the Eastern District of Louisiana found that:

- An otherwise non-privileged document does not become privileged because it was forwarded by corporate counsel.
- Internal corporate communications seeking advice from both in-house lawyers and non-lawyers were not privileged — nor was the resulting advice because advice sought from both in-house and outside lawyers could not have been legal in nature.
- If a lawyer chooses to provide legal advice by editing an otherwise non-privileged document by hand or in redline and those edits cannot be redacted, the document is discoverable.
- A company’s membership in a highly regulated industry does not mean all in-house counsel communications concerning regulatory issues necessarily involve legal advice. Individualized proof is needed for each document.
- Each message in an email chain for which privilege is sought must be separately entered on the privilege log.

In *Akzo Nobel and Akcros Chemicals v. Commission: Joined cases* T-125-03 and T-253/03 (2007), decided September 17, 2007, the European Court of First Instance held that:

- Generally, no privilege exists for advice of in-house counsel in European Commission investigations.
- Documents drafted by in-house counsel for the purpose of obtaining legal advice from outside counsel regarding the company’s right of defense in the investigation may be privileged. This applies even if in-house counsel did not create the document for the purpose of exchanging with outside counsel or forward the document to outside counsel.
- Where an in-house counsel reports the advice of outside counsel within the corporation, that communication is privileged, provided that the advice is not altered (i.e., into a summary).

otherwise be privileged here and in the United Kingdom in competition investigations in Europe.

Thus, it is crucial that you understand the law and rules that apply to attorney-client communications in the jurisdictions where your company does business.

Discovery Obligations in Foreign Jurisdictions

In addition to determining whether privilege exists in the foreign countries where your company does business, you must become familiar with the discovery obligations in each respective country.

In many places, parties are only required to produce documents they intend to use in their case. So lawyers in countries like Korea, where no attorney-client privilege may exist, do not need the protections that privilege affords because they generally do not have to produce documents that may touch on legal advice.¹⁴ The same is true for France, Germany, the Netherlands and Belgium, where litigants are only required to disclose documents on which they intend to rely.

Applicability of Foreign Privilege Rules

Once you have determined the nature of the privilege laws applicable to communications with your foreign colleagues, you should also be mindful of how a court

would analyze a foreign country's law. For instance, if a document withheld in US litigation crossed the desk of a person in a foreign country, in determining which privilege rules apply, a US court will consider whether that communication "touched base" in the United States. This means it will decide whether the United States has the "predominant" or "most direct and compelling interest" in the document's discoverability.¹⁵ Generally, the country with the predominant interest is the one in which the privileged relationship was either entered into or where it is currently centered.

If a US court chooses to apply a foreign country's privilege law, there is another consideration: whether the court will take into account that the documents would not have been subject to discovery in that country. If a US court chooses to apply the law of a foreign country where privilege is not recognized, a US litigant may face the unenviable position of producing communications that would otherwise be privileged here — even if they are not subject to discovery in the foreign country.¹⁶

Recognizing this Catch-22, in *Astra Aktiebolag v. Andrx Pharms., Inc. (In re Omeprazole Patent Litigation)*, the District Court for the Southern District Court of New York ruled in 2002 in favor of withholding from production documents that "touched base" in Korea

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and thus were not privileged — but not discoverable under Korean law — on the basis of comity and public policy principles. *Id.* at 102. However, that same court — in the 2006 case of *In re Rivastigmine Patent Litig* — ordered production of documents not covered by Swiss privilege, regardless of the documents’ discoverability in Switzerland. 237 F.R.D. at 78.

Although the court in *Rivastigmine* cites *Astra* and notes the dilemma of applying another country’s privilege scheme without considering its production obligations, it nonetheless ordered discovery because the documents were prepared by corporate lawyers and not outside counsel. Further, the court assumed that the documents would have been *discoverable* (not merely unprotected by privilege) without explaining why. Thus, the *Rivastigmine* opinion fails to give weight to all of the relevant principles, including privilege, discoverability, international comity and domestic policy, as did the *Astra* court. The *Astra* and *Rivastigmine* opinions demonstrate that it may be difficult to predict what a US court will do with a document that “touched base” in a foreign jurisdiction with differing privilege rules.

For all these reasons, it is crucial to remember that laws regarding attorney-client privilege may be very different from country to country, and that the privilege laws

must be thoroughly investigated at the start of any working relationship with colleagues in foreign jurisdictions.

Steps Toward Preserving Attorney-Client Privilege

As in-house counsel, there are some simple yet critical steps you can take to increase the likelihood of preserving the attorney-client privilege in a global business environment.

Build a Wall of Separation between Business and Legal Roles

First, if you are providing legal advice, or if your email contains protected work product, say so explicitly in your communication or correspondence. Second, do not communicate both legal and business advice in one document. If you do, and litigation ensues, a court may find that the email predominantly offered business rather than legal advice and thus is not privileged. Send any communications regarding legal and business advice as two separate communications, and clearly state that the first is intended as confidential legal advice. Third, if a colleague requests advice from both you and one or more non-lawyers on a matter that may be part-business and part-legal, and copies non-lawyers on the email, do not reply to everyone with any legal advice that you intend to be privileged. To avoid the situation Merck faced in *Vioxx*, put this advice in a separate document—and again, clearly denote that you are providing legal advice.

Intelligence.

Hire Qualified Outside Counsel

Another way to build a wall between the business and legal function is to hire outside counsel to supervise. Generally speaking, because of the divergent privilege rules around the globe and the increasing scrutiny of in-house counsel communications in light of the dual roles, obtaining attorney-client privilege protection is typically easier if the communication is with outside counsel. Thus, it may be appropriate to involve outside counsel in internal investigations and other highly sensitive projects to increase the protection of sensitive communications. This can be especially useful when dealing with foreign counterparts whose legal advice to employees may not be protected, as in EC investigations. Be careful, however, since only communications with outside counsel qualified to practice in the EU member state may be privileged.¹⁷ Also, if you are seeking to protect outside counsel's advice communicated to colleagues in an EU member state, you should report that advice verbatim, rather than providing a summary.¹⁸

Break the "Endless Chain"

It is hard to imagine that many people enjoy an inbox full of email chains, yet we all have them. For most of us, they are a minor annoyance. But for in-house counsel, they can undermine the attorney-client privilege and increase litigation costs. In *Vioxx*, the court held that entries in Merck's privilege log were deficient because email chains were logged as one email. The court held that each email in a chain for which privilege is claimed must be logged separately.

If you live in a corporate culture that embraces email chains, as many of us do, the court's mandate in *Vioxx* could dramatically increase your risk in litigation. The proliferation of email chains does not just increase the number of emails to evaluate for privilege, but the number of recipients can also increase exponentially. And every time it does, there is greater risk that your legal advice will land in the efile of non-lawyers, which can waive the privilege.

In addition, email chains can drive up your litigation cost. For example, if a box of documents that you provide to outside counsel contains 1,000 email chains, each of which, on average, includes six privileged emails, and if a junior associate could log one entry per minute, she would spend 100 hours logging 6,000 entries instead of 16.67 hours for 1,000 entries. Assuming the associate's rate is \$400 an hour, you would pay the firm \$40,000 instead of \$6,668 to log that box. If you multiply that by 50 boxes, the *Vioxx* opinion would effectively increase the cost of the privilege log by \$1,666,600 — over a million and a half — all due to those pesky email chains. And this does not even include the additional outside counsel fees you will incur to fight

the discovery battle that will surely erupt once your opponent receives the privilege log full of email chains.

The solution is simple. Impress upon your colleagues the importance of sending a new email whenever a message may concern legal advice. By resisting the temptation to push the "reply all" button, they will be forced to consider who must receive that communication and why. If they follow your advice, the chain will often stop there.


Think Globally

Once your communication leaves the United States, everything you were taught about attorney-client privilege in law school, on the job and in CLE courses may not apply. As we discussed, some countries do not recognize attorney-client privilege. Others do — but not for inside counsel. But the time to evaluate this is not when litigation counsel confronts you with an email chain containing your legal advice that ended up halfway around the world. The time to learn about the privilege applicable in other countries is now. Does your company have offices or do business in other countries? Do you deal with foreign regulators or other government officials in your line of work? If so, it is critical to analyze the privilege laws of those countries. If your company has in-house counsel or outside firms who practice in those countries, reach out to them to get educated on the law of privilege.

Once your communication leaves the United States, everything you were taught about attorney-client privilege in law school, on the job and in CLE courses may not apply.

Once you have done that, modifying your own communication habits to account for these differences is just the beginning. Work within your company to develop policies and procedures for communicating with colleagues in other offices regarding legal matters. Ideally, these policies would apply to all employees and not just the attorneys—and include your colleagues in foreign jurisdictions—to avoid the situations in *Vioxx* and *Akzo*.

If you regularly correspond with colleagues or customers in foreign jurisdictions, potential loss of attorney-client privilege is an issue you are likely to face soon, and you can now be better prepared to deal with it. This is essential, particularly if more courts follow the lead of the courts in *Vioxx* and *Akzo*.

Given the complex global roles of in-house counsel, it is crucial to consider at the outset the who, what, where and why of any communication concerning legal advice. Keeping these principles in mind, if you and your legal department can develop a sound policy that company personnel can follow, you will significantly increase the chances of protecting your company's most sensitive information, and reducing the cost of discovery and potential exposure from divulging potentially privileged information in subsequent proceedings. 

Have a comment on this article? Email editorinchief@acc.com.

NOTE

- 1 *In re Vioxx Litigation*, 501 F. Supp. 2d 789 (E.D. La.2007).
- 2 *Akzo Nobel and Akcros Chemicals v. Commission: Joined cases T-125-03 and T-253/03* (2007).
- 3 *C.T. v. Liberal Sch. Dist.*, 2007 US Dist. LEXIS 38177 (D. Kan. May 24, 2007).
- 4 254 F.R.D. 253, 261, n.3 (E.D. Pa. Dec. 9, 2008).
- 5 Civ. No. 06-1810-RMB-AMD, 2008 U.S. Dist. LEXIS 81053 (D. N.J. Sep. 30, 2008).
- 6 *Astra Aktiebolag v. Andrx Pharms., Inc. (In re Omeprazole Patent Litigation)*, 208 F.R.D. 92, 102 (S.D.N.Y. 2002).
- 7 *Astra*, 208 F.R.D. at 99-102; *Alpex Computer Corp. v. Nintendo Co.*, 1992 US Dist. LEXIS 3129 (S.D.N.Y. Mar. 10, 1992). *Cf.* Ruling 91HunMa111 by the Korean Constitutional Court on January 28, 1992 (stating "An essential part of the right to receive assistance from an attorney is the right of a person under physical constraint to discuss and communicate with his/her attorney. To sufficiently guarantee such right to discussion and communication, any conversation between the person under restraint and his/her attorney must be kept completely confidential") (cited in Tony Dongwook Kang, "Korea," *Multi-National Legal Privilege*, (CD-Rom) Int'l Ass'n of Defense Counsel, ed.).
- 8 *Astra*, 208 F.R.D. at 100-01.
- 9 *Willemijn Houdstermaatschaapij Bv v. Apollo Computer, Inc.*, 707 F. Supp. 1429, 1448 (D. Del. 1989).
- 10 In addition, Germany and Israel may protect documents sent to or from patent agents, treating them as attorneys, while France will not. (US courts are split on the treatment of patent agents under US law). *Astra*, 208 F.R.D. at 99-100; *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, 1998 WL 158958 *3 (S.D.N.Y. April 2, 1998).
- 11 *Astra*, 208 F.R.D. at 99; *In re Rivastigmine Patent Litig.*, 237 F.R.D. 69 (S.D.N.Y. Aug. 8, 2006).
- 12 *In re Rivastigmine*, 237 F.R.D. at 76 (quoting Mary C. Daly, *The Ethical Implications of the Globalization of the Legal Profession: A Challenge to the Teaching of Professional Responsibility in the Twenty-First Century*, 21 *Fordham Int'l L. J.* 1239, 1279 (1998)).
- 13 *Akzo Nobel and Akcros Chemicals v. Commission: Joined cases T-125-03 and T-253/03* (2007).
- 14 *Astra*, 208 F.R.D. at 98, 101-02; *Willemijn*, 707 F. Supp. at 1444-45.
- 15 *Willemijn*, 707 F. Supp. at 1444-45.
- 16 *Astra*, 208 F.R.D. at 102.
- 17 *AM&S v. Commission* [1982] ERC 1575.
- 18 *Akzo Nobel and Akcros Chemicals v. Commission: Joined cases T-125-03 and T-253/03* (2007).



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