EXHIBIT 29

The Attorney-Client Privilege and the Work-Product Doctrine

FIFTH EDITION

VOLUME I

Edna Selan Epstein

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surer concerning an occurrence which may be made on the basis of a claim by a third party are protected from disclosure."

C. *Agents of Attorney*

In general, agents and subordinates working under the direct supervision and control of the attorney are included within the scope of the attorney-client privilege.

- 8 WIGMORE, EVIDENCE § 2301, at 538 (MCNAUGHTON REV. ED. 1961). "It has never been questioned that the privilege protects communications to the *attorney's clerks* and his other agents (including stenographers) for rendering his services. The assistance of these agents being indispensable to his work and the communications of the client being often necessarily committed to them by the attorney or by the client himself, the privilege must include all the persons who act as the attorney's agents" (emphasis in original).

- *Zenith Radio Corp. v. Radio Corp. of Am.*, 121 F. Supp. 792, 794 (D. Del. 1954). In patent litigation, the privilege was extended to communications to the lawyer's immediate subordinates. The court defined such subordinates as "general office clerks and help, law clerks, junior attorneys, and the like who habitually report to and are under the personal supervision of the attorney through whom the privilege passes."

The privilege also extends to summer associates, paralegals, investigators, and secretaries who are acting in the capacity of and presented to a client as an "agent" of the attorney.

- *United States v. United Shoe Mach. Corp.*, 89 F. Supp. 357, 358 (D. Mass. 1950). "The privilege applies only if . . . (2) the person to whom the communication was made (a) is a member of the bar of a court, *or his subordinate*."

So too, interviews may be conducted of a witness or a client by agents of the attorney without thereby losing whatever privilege would have attached thereto if they had been conducted by the attorney personally.

- *Sharonda B. v. Herrick*, 1998 U.S. Dist. LEXIS 9433 (N.D. Ill. June 11, 1998). Interview notes taken by non-attorney employees in the public guardian's office were protected to the same extent as if done by the public guardian or an attorney within the public guardian's office.

It goes without saying that in order for the privilege to be sustained, it must turn out that the claim that a given individual was a secretary or paralegal working for the attorney must be susceptible of being sustained. Merely saying so does not necessarily make it so.

- *von Bulow v. von Bulow*, 811 F.2d 136 (2d Cir.), *cert. denied*, 481 U.S. 1015 (1987). In this appeal from civil contempt for refusal to turn over documents, the claim was made by von Bulow's girlfriend to have been acting as a "paralegal" for the defense team on the criminal prosecution not factually substantiated and hence the privilege did not extend to her.

Such client confidences can be shared not only within a law firm but among law firms if both are representing the client.

- *Midwestern Univ. v. HBO & Co.*, 1998 U.S. Dist. LEXIS 20550, at *10 (N. D. Ill. Jan. 4, 1999). The court protected a memo from one attorney to another in the same law firm, which memorandum reflected client confidences, because the attorney-client privilege extended to all lawyers in the same firm. "Thus, it is irrelevant that the communication was made to one attorney, and the confidence is not destroyed by revealing the information to another attorney."

Determining whether the attorney-client privilege should be extended to subordinates of an attorney can be difficult. On the one hand, the attorney should not be able to extend the privilege to others, without limit, simply by designating them his or her agents. On the other hand, modern litigation is so complex that little legal advice could be given efficiently unless an attorney's subordinates are included within the privilege.

- *United States v. Kovel*, 296 F.2d 918 (2d Cir. 1961). An accountant, working for an attorney, accepted a finding of contempt (sentence

of one year's imprisonment was imposed) rather than answer questions that were believed to invade the privilege. The court of appeals, deploring that a clearer foundational record had not been laid, reversed, holding that as a matter of principle the privilege could extend to such an agent acting under the direction of an attorney. "Indeed, the Government does not here dispute that the privilege covers communications to non-lawyer employees with 'a menial or ministerial responsibility that involves relating communications to an attorney.' We cannot regard the privilege as confined to 'menial or ministerial' employees. . . . [I]f the lawyer has directed the client, either in the specific case or generally, to tell his story in the first instance to an accountant engaged by the lawyer, who is then to interpret it so that the lawyer may better give legal advice, communications by the client reasonably related to that purpose ought fall within the privilege; there can be no more virtue in requiring the lawyer to sit by while the client pursues these possibly tedious preliminary conversations with the accountant than in insisting on the lawyer's physical presence while the client dictates a statement to the lawyer's secretary or is interviewed by a clerk not yet admitted to practice."

The *Kovel* court noted that it might be odd to protect a communication made to an accountant working for an attorney when the self-same communication made to an accountant who was not working for one would not be protected. Yet, the court accepted it as the inevitable result of the type of line drawing one must always make in the law. That line has curiously been extended to encompass certain communications made to accountants if the purpose be that they be directly conveyed to an attorney to seek the attorney's advice, thereby drawing the line even more finely than in the past.

- *Under Seal v. United States*, 947 F.2d 1188, 1191 (4th Cir. 1991). Conversations between a client who was a potential target of a grand jury investigation and an accountant were protected under an extension of the attorney-client privilege when those conversations took place in the course of a trip to the attorney's office. The issues discussed were brought to the attention of the attorney for the purpose of seeking to retain the attorney for legal representation. However, conversations that took place between the client and the accountant prior to that time were not protected.

The question of the capacity of the agent arises with particular frequency in the patent area. The complexities of whether and when and under what theory communications with patent agents are deemed privileged form an arcane subcategory of this area of the law of attorney-client privilege, with as many twists and turns as a labyrinth.

Some cases have held that communications with patent agents are never privileged because they are not licensed attorneys.

- *Status Time Corp. v. Sharp Elec. Corp.*, 95 F.R.D. 27, 33 (S.D.N.Y 1982). The court held that no attorney-client privilege could exist between foreign attorneys who were not agents of the plaintiff, and any privilege to some of the documents had been waived because they were in the possession of a third party. "These cases [*Winter, In re Ampicillin, inter alia*] do not persuade me to deviate from the fundamental principle that only communications between an attorney or an agent of the attorney and his client are covered by the privilege. Clearly there are many relationships to which a measure of confidentiality may be appropriate; however, the privilege has not been expanded to include them." The waiver occurred because a privileged document was in the possession of an officer of the patent/privilege holder's assignor.

Other cases will make such communications privileged, provided the patent agent is registered with the Patent and Trademark Office.

- *In re Ampicillin Antitrust Litig.*, 81 F.R.D. 377, 394 (D.C. 1978). "For patent agent communications relating to American patent activities, the privilege is only available to those communications involving patent agents who are registered with the Patent Office. Furthermore, while it is necessary, for the privilege to apply, that a patent agent communication satisfy the requirements of whichever country's rule is applicable, it is important to emphasize that the other requirements for the privilege must also be met. Thus, the communication to the patent agent must involve a response that requires knowledge, analysis, or application of patent law to particular information."
- *Vernitron Med. Prod., Inc. v. Baxter Lab., Inc.*, 186 U.S.P.Q. (BNA) 324, 325–26 (D.N.J. 1975).

Another category of case will make the communication privileged under an agency theory, provided that the patent agent is working under the direction of an attorney.

- *Willemijn Houdstermaatschaapij BV v. Apollo Computer, Inc.*, 707 F. Supp. 1429, 1444–45 (D. Del. 1989). "If the communications relate to the prosecution of a patent in the agent's native country and would be privileged under the laws of that country, the attachment of the privilege depends on the laws of that country; in other words, federal courts will apply principles of comity. However, if the communications 'touch base' with the United States, U.S. privilege law applies." (Citations omitted.) Provided that the patent agents acted under the direction of an American lawyer, the court found it irrelevant that they were foreign and performed their functions in another country.

A fourth category makes the communication privileged by virtue of treating the foreign patent agent as an agent for the client for purposes of communications with U.S. attorneys.

- *Foseco Int'l, Ltd. v. Fireline, Inc.*, 546 F. Supp. 22 (N.D. Ohio 1982). The communications between a British patent agent, acting on behalf of a British company, with American patent counsel for the purpose of processing patents in the United States were found to be privileged. The court concluded that had the communications been made directly between the British company and the American lawyer, the privilege would have attached. The court seemed to imply that no reason existed to punish a foreign corporation with loss of the privilege merely because it conducted its communications through an agent in the manner in which it was accustomed.
- *Hercules, Inc. v. Exxon Corp.*, 434 F. Supp. 136, 146 (D. Del. 1977). The privilege was upheld with respect to a corporate non-attorney patent agent who worked in the corporation's patent department, albeit under the supervision of an attorney.

Perhaps the only logical guiding principle is whether the patent agent is working under the direction of the attorney to render legal

advice or at the direction of a foreign company to communicate with its U.S. patent attorney. If the answer is affirmative the communications should be deemed privileged. If, on the other hand, the primary purpose of the engagement is to make a public filing, the communication will not be protected from compelled disclosure. The principle then is that the communication, when made, was not made with the intention that it remain confidential.

- *Golden Trade v. Lee Apparel*, 143 F.R.D. 514 (S.D.N.Y 1992). The focus of the inquiry should be whether the patent agent was assisting the attorney in providing legal services.

Although agents retained to assist the attorney in providing legal advice are generally encompassed by the privilege, exceptions exist where a court will scrutinize more closely the purpose of the retention. If it finds that the purpose of providing the legal advice is somehow tainted, then the privilege will not cover communications between the attorney and the agent.

- *Cherry v. Hungarian Foreign Trade Bank, Ltd.*, 136 F.R.D. 369, 372 (S.D.N.Y. 1991). The court held that no privilege protected communications existed between one lawyer (Lawyer "A") and a second lawyer (Lawyer "B") that the first hired purportedly to help represent a client but whom he then induced to assist him in suing that client over a fee. As the court noted, "[Lawyer B] was already [the client's] lawyer when [Lawyer A] approached him with the express purpose of inducing him to act adversely to [the client]."

D. *Retained Experts*

When other professionals communicate with a client and then communicate in turn with the client's attorney, the communication may or may not be protected. There are two primary factors for extending the protection of the privilege.

One is where the other professional communicating with the client has an independently recognized confidentiality privilege, such as a physician in some states and an accountant in others.

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persons who have knowledge of relevant events "to tell plaintiffs whom defendants have interviewed, where and when such interviews took place and whether or not a record was made—is to give plaintiffs no more knowledge of substantive relevant facts, but rather to afford them the potential for significant insights into the defense lawyers' preparation of their case (and thus their mental processes)." The court also held it was inappropriate to require identification of persons who "participated in" rather than just "furnished information utilized in" interrogatories.

Attorneys have tried, generally without success, to contend that the work-product designation does not cover conversations and nontangible matters.

Restatement (Third) of the Law Governing Lawyers § 87. "Intangible work product is equivalent work product in unwritten, oral or remembered form. For example, intangible work product can come into question by a discovery request for a lawyer's recollection derived from oral communications." Comment (f).

- *United States ex rel. [Redacted] v. [Redacted]*, 209 F.R.D. 475 (D. Utah 2001). The argument that conversations between government and realtors was not work product because they were not a document nor were they "tangible" material was not successful.

ELEMENT 2: Prepared in Anticipation of Litigation or for Trial

The *Hickman* decision was concerned with "[p]roper preparation of a client's *case*" and the protections needed for "materials obtained or prepared . . . with an eye toward *litigation*." The work-product privilege that has developed consequently applies not to all materials in an attorney's files, but only to those materials that were prepared in anticipation of litigation or for trial.

- *Jordan v. United States Dep't of Justice*, 591 F.2d 753, 775 (D.C. Cir. 1978) (*en banc*). "The work-product rule does not extend to every written document generated by an attorney; it does not shield from disclosure everything that a lawyer does. Its purpose is more narrow,

its reach more modest. . . . [T]he purpose of the privilege is to encourage effective legal representation *within the framework of the adversary system* by removing counsel's fears that his thoughts and information will be invaded by his adversary. In other words, the privilege focuses on the integrity of the adversary trial process itself. . . . This focus on the integrity of the trial process is reflected in the specific limitation of the privilege to materials 'prepared in anticipation of litigation or for trial.'"

- *Hercules Inc. v. Exxon Corp.*, 434 F. Supp. 136, 151 (D. Del. 1977). "The rationale is restricted to 'in anticipation of litigation' on the theory that an attorney who does not envision litigation (except as a remote contingency of any legal action) will not anticipate discovery requests, and therefore the fear of disclosure will not deter fully an adequate consideration of the client's problem."

- *Coastal States Gas Corp. v. Department of Energy*, 617 F.2d 854, 865 (D.C. Cir. 1980). Agency memoranda regarding audits of the corporation were not protected by the work-product privilege because they were not prepared in anticipation of litigation. "[A]t the very least, some articulable claim, likely to lead to litigation, must have arisen." The court did not decide "whether litigation need be consciously contemplated by the attorney; the documents must have been prepared with a specific claim supported by concrete facts which would likely lead to litigation in mind." Although every audit potentially could lead to litigation, this possibility was too insubstantial to support a claim of privilege.

Thus, two factors must be present for the work-product protection to apply: there must be a threat of litigation and there must be a motivational component. The document must have been prepared because of that threat. One of the best formulations is that of Judge Rushfelt:

- *Marten v. Yellow Freight Sys.*, 1998 U.S. Dist. LEXIS 268, 1998 WL 13244, at *10 (D. Kan. Jan. 7, 1998). "The work product standard has two components. The first is what may be called the 'causation' requirement. This is the basic requirement of the Rule that the document in question be produced because of the anticipation of litigation, i.e., to prepare for litigation or for trial. The second component is what may be termed a 'reasonableness'

limit on a party's anticipation of litigation. Because litigation can, in a sense, be foreseen from the time of occurrence of almost any incident, courts have interpreted the Rule to require a higher level of anticipation in order to give a reasonable scope to the immunity.

"The court looks to the primary motivating purpose behind the creation of the document to determine whether it constitutes work product. Materials assembled in the ordinary course of business or for other non-litigation purposes are not protected by the work product doctrine. The inchoate possibility, or even the likely chance of litigation, does not give rise to work product. To justify work product protection, the threat of litigation must be 'real and imminent.' To determine the applicability of the work product doctrine, the court generally needs more than mere assertions by the party resisting discovery that documents or other tangible items were created in anticipation of litigation."

The timing factor seems so self-evident that it is often mistakenly overlooked in resisting a claim that a particular document is work-product protected. It is worthwhile to inquire whether, although the document predates the commencement of an adversary proceeding or claim, it was in fact produced before or after the likelihood of that adversary proceeding became manifest.

- *Helt v. Metropolitan Dist. Comm'n*, 113 F.R.D. 7 (D. Conn. 1986). A proponent of the work-product protection failed to establish that the documents had been created after notice of the ERISA sex discrimination claim and, thus, did not meet the prerequisite for the application of the protection.

A. *What Constitutes Litigation?*

What constitutes "litigation" for the purpose of giving rise to the work-product protection?

The Federal Rules do not define the term *in anticipation*, nor do they define what is meant by *litigation*.

The Special Masters' Guidelines for the Resolution of Privilege Claims contain a detailed discussion of the phrase. *See United States v. AT & T*, Civ. No. 74-1698 (D.D.C. Feb. 28, 1979). The special masters, Paul R. Rice and Geoffrey C. Hazard, Jr., defined "litigation" as including "a proceeding in court or administrative tribunal in which the parties