Global Attorney-Client Privilege Guide - United States

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# 01 - Discovery

## What disclosure/discovery is required in litigation?

The United States legal systems, both state and federal, are characterized by liberal discovery policies. The Federal Rules of Civil Procedure provide for a broad disclosure in litigation in the federal courts, permitting parties to seek discovery of "any nonprivileged matter that is relevant to any party's claim or defense and proportional to the needs of the case, considering the importance of the issues at stake in the action, the amount in controversy, the parties' relative access to relevant information, the parties' resources, the importance of the discovery in resolving the issues, and whether the burden or expense of the proposed discovery outweighs its likely benefit." Importantly, "[i]nformation within this scope of discovery need not be admissible in evidence to be discoverable." The "discovery provisions are to be applied as broadly and liberally as possible," according to the US Supreme Court. The states have adopted similarly generous disclosure rules.

Under the Federal Rules of Civil Procedure, initial disclosures are made by the parties on the commencement of a lawsuit. The parties have an ongoing duty to "supplement" their disclosures as new information becomes available that is responsive to discovery requests, subject, of course, to the attorney-client privilege and work product protection. Except in the case of a criminal trial, the parties are also entitled to take depositions of the parties. Depositions of other witnesses, including witnesses chosen to represent corporations or other entities, are commonplace, as are written interrogatories, requests for admission of facts, and requests for the production of documents and things or the right to inspect premises or to undertake physical examinations of a person.

Objections to the scope and substance of discovery may limit the duty to disclose; such objections may include invocations of the attorney-client privilege and work product doctrine, as well as lack of relevance and undue burden. Non-parties may also be subpoenaed or otherwise required to turn over documents or things, again subject to the claims of privilege or work product.

Discovery-related disputes are generally resolved by the courts on motions for protective orders or motions to compel. Failures to comply with discovery-related court orders may be sanctioned by the court.

Evidence may be sought from non-US entities or persons pursuant to the Convention on the Taking of Evidence Abroad in Civil or Commercial Matters (also called the Hague Evidence Convention) or pursuant to other conventions of which both the United States and the other nation are signatories. In the case of litigation involving parties that are beyond the court's subpoena powers, as prescribed by the Federal Rules of Civil Procedure, the court may issue and serve a subpoena directed to a US national or resident who is in a foreign country. Conversely, a federal statute allows a party to a legal proceeding outside the United States to apply to a court in the United States to obtain evidence for use in the foreign proceeding.

# 02 - Type of privilege

## Does the jurisdiction recognize the concept of privilege or another form of protection from disclosure of legal communications and documents prepared by or for lawyers?

Founded on English common law, "attorney-client privilege" is a well-established and robust protection that is recognized in all courts in the United States. Where the privilege applies, it protects from compelled disclosure an oral communication or a document in any form. In addition, courts in the United States recognize a "work product doctrine," often called a "work product privilege," which protects from disclosure those documents, in any form, that were prepared by the attorney or by an agent of the attorney, "in anticipation of litigation."

These protections are durable and, assuming they are not waived, will apply not only to the case that occasioned the establishment of the protection, but also to any related or unrelated legal proceedings thereafter. But waiver, too, is enduring. Once waived, or deemed waived, the privilege or protection cannot be recaptured.

The importance of these protections in the context of litigation in the United States cannot be overemphasized. Unlike the vast majority of nations, whose courts do not permit litigants to engage in extensive formal discovery, the judicial systems in the United States provide for the liberal production and examination of documents and other information in preparation for trial, as well as for the testimony of, and production of documents by, witnesses who are not even parties to the case. Balancing the right of the litigant to engage in such "US-style" discovery by seeking information from the opponent is the right of the opponent to these protections. Thus, generally, litigants may preserve communications that are privileged because they were made between an attorney and their client for the purpose of seeking or giving legal advice or that are "work product," because they are documents prepared by the attorney in order to defend the client or to advocate on their behalf.

The two protections are considered separately below:

**Attorney-client privilege**

The attorney-client privilege is recognized under federal common law and is also codified in state statutes. Additionally, under the American Bar Association Model Rules of Professional Conduct, attorneys in the United States are bound by an ethical duty to keep confidential any privileged communications or other confidential information, the disclosure of which would likely be detrimental to the client. This obligation is subject to specific exceptions, as discussed below. The attorney-client privilege is based on the societal goal of fostering the relationship between the lawyer and the client by facilitating the free exchange of information.

**General criteria for the attorney-client privilege**

Iterations of the attorney-client privilege by scholars and courts are innumerable, but four basic criteria can be said to define the privilege:

A communication

Made between privileged persons (attorney and client)

In confidence

For the purpose of seeking, obtaining, or providing legal assistance

The privilege applies to both oral communications and documents and other records that reflect communications between privileged persons, including emails. Importantly, a pre-existing document conveyed by a client to an attorney does not become privileged as a result of the transfer. The content within the document itself must be privileged for the document to be protected by the privilege. Similarly, with regard to emails, parties cannot assert the privilege over communications where they have merely cc'd an attorney. Rather, emails, like all other communications, are only protected by the privilege if they reflect a confidential request for legal advice.

In the corporate context, it is often difficult to determine whether the purpose of a particular communication was to seek, obtain, or provide legal assistance because communications often have mixed business and legal purposes. Under these circumstances, courts uphold the privilege if the primary purpose of the communication was to obtain or provide legal advice.

To be recognized in legal proceedings, the attorney-client privilege must be affirmatively asserted or invoked by the client. A further condition for the application of the privilege is that it has not been "waived" by the client with respect to the communication at issue, such as by disclosing the content of the communication to, or making an oral communication in the presence of, a third party.

Although the client is generally the holder of the attorney-client privilege, an exception is that, in some jurisdictions, communications intended only for internal review by a law firm that represents the client are privileged and need not be disclosed to the client — even though the client presumptively has access to the file maintained by the attorney. Thus, in the securities litigation *In re Refco Securities Litigation*, where investors sued a law firm for legal malpractice with respect to a bankruptcy and for aiding and abetting a breach of fiduciary duty, a federal court ruled, under New York law, that the law firm's internal email about the client was not discoverable absent a showing of a clear need. Permitting a law firm to withhold such internal communications is in the client's interest, allowing attorneys to privately record their thoughts in order to ensure effective representation.

**Choice of law for attorney-client privilege**

The judicial system in the United States is marked by two "sovereign" systems, state and federal, that are governed by different procedural rules and by different substantive law of privilege and work product. Every court in the United States, state or federal, recognizes the attorney-client privilege where the basic criteria enumerated above are found to apply. Although the basic privilege precept remains consistent from jurisdiction to jurisdiction, the scope of the privilege may vary considerably under particular circumstances, as may the conditions that constitute its waiver. Given the variations in the privilege laws across jurisdictions, an important consideration in current or prospective litigation is the choice of law, i.e., whose privilege law applies.

The procedural aspects of privilege in federal courts are governed by the Federal Rules of Evidence and the Federal Rules of Civil Procedure, and in state courts by similar rules enacted by the legislatures of those states. As to the substantive law, the federal courts usually apply either the federal common law of privilege, or else the substantive privilege law of the US state in which they sit.

In federal court, the choice depends on the basis for the federal court's subject-matter jurisdiction to hear the claims at issue. Where subject-matter jurisdiction is based on a "federal question" — that is, where the claim itself arises under federal law — the federal common law of privilege applies to determine the substantive law of privilege. Where, however, the federal court's subject-matter jurisdiction is based on the amount in controversy and complete "diversity of citizenship" — that is, where the alleged damages exceed USD 75,000 and the claims are founded on state law, but the plaintiff and defendant hail from different nations or from different US states — the court, by default, will apply the substantive privilege law of the state in which the federal court sits ("**forum state**").

Parties may occasionally attempt to gain a tactical advantage by invoking the privilege law of a jurisdiction that is more favorable to them than the privilege law that would normally apply — either to protect their own documents from disclosure or to convince the court that an adversary's documents should be disclosed. Under these circumstances, the party arguing that the court should apply a foreign jurisdiction's privilege must satisfy two criteria: (i) it must show that the foreign privilege law conflicts with the law that would ordinarily apply (i.e., the communications are privileged under the laws of only one of the jurisdictions); and (ii) if the court agrees that the two jurisdictions' privilege laws are in conflict, it must show that the foreign jurisdiction has the "most significant relationship" with the communications at issue. Under this test, the jurisdiction with the most significant relationship with the communication at issue will usually be the jurisdiction in which that communication took place. The most significant relationship test, which most state courts have adopted, is liberal and often favors disclosure, permitting the communication to be entered into evidence if either it would be admissible under the privilege law of the forum state (absent a special reason that weighs in favor of nondisclosure) or it would be admissible under the privilege law of the jurisdiction with the most significant relationship with the communication (absent a strong policy of the forum state indicating that nondisclosure is appropriate).

In the international context, application of the most significant relationship test may put a non-US litigant at a disadvantage because privilege laws in other nations are generally not as robust. For example, a US resident who files a lawsuit in the United States against a corporation in another nation may seek to invoke the privilege law of that nation so as to require the corporation to produce its communications with its in-house counsel abroad. If the communications occurred in the non-US jurisdiction, the court may determine that the non-US jurisdiction has the most significant relationship with the communications and apply the privilege law of that jurisdiction. If the court determines that the communication would not be privileged under the foreign law but would be privileged under the applicable US law, the communication will be admitted absent a strong public policy of the forum.

And even if the reverse is true — that is, the communication would be privileged under the foreign law but is discoverable under US law — the court likely will deem the communication discoverable provided that no special reason barred admissibility.

Some courts also apply a "touch base" analysis to determine whether a communication that occurred in a foreign country is protected by the privilege. Under this test, the communications will be protected by the privilege provided that they touch base with the United States, in that they have had more than an incidental connection with the United States. For example, in *Gucci Am., Inc. v. Guess?, Inc.*, 271 F.R.D. 58 (S.D.N.Y. 2010), the court ruled that communications with Italian counsel, and maintained on an Italian server, touched base with the United States because they related to a company's legal strategy to prosecute trademark infringement actions in both Italy and the US. Accordingly, it applied US law to determine whether the communications were privileged.

In short, the choice-of-privilege-law question in diversity-based suits in federal court may be of particular consequence where the communications at issue occurred or were produced outside of the United States, particularly where they were between in-house counsel and their corporate clients in jurisdictions that do not recognize a privilege with respect to communications between corporate representatives and in-house counsel.

**Other types of privilege**

In addition to attorney-client privilege, some US jurisdictions recognize other types of privileges that protect communications. For example, some US states recognize a privilege with respect to communications or confidences between physicians and patients, or between priests or ministers and their confessors (although these privileges are not recognized under federal common law or the Federal Rules of Evidence). Some states have recognized an accountant-client privilege. The Federally Authorized Tax Practitioner Privilege extends common law privileges to certain communications between a taxpayer and a federally authorized tax practitioner for the purposes of noncriminal tax matters before the US Internal Revenue Service. Communications of foreign patent agents may also be entitled to a form of privilege in courts in the United States.

Work product protection, also called work product privilege, differs from attorney-client privilege in respects that are best understood in the context of the differing goals of the two protections. While the attorney-client privilege exists to encourage free communication between attorneys and their clients so as to protect and foster that important relationship, the work product doctrine exists to encourage careful and thorough preparation by the attorney. Work product protection thus serves the adversarial system.

Additionally, work product protection is invoked and waived by the attorney, in contrast to attorney-client privilege, which belongs to and is invoked by the client. Because of this difference, a waiver of work product protection does not constitute a waiver of attorney-client privilege, and vice-versa. Another major difference is that while the attorney-client privilege protects communications, the work product doctrine protects from disclosure documents (in any form) and tangible things. And while the attorney-client privilege is nearly absolute — the finding that a communication or document is privileged bars compelled disclosure — a court may compel the disclosure of work product under certain conditions, depending on the nature of the documents or things and the opposing party's ability to demonstrate a need for the information therein.

Like attorney-client privilege, the work product doctrine varies from state to state. However, federal courts generally apply the federal work product law, regardless of the basis of their subject-matter jurisdiction with respect to the claims at issue. This section considers the federal rules governing work product protection, although (as with the attorney-client privilege) state statutes codifying work product protection, and used by the state courts, vary from state to state.

The federal definition of "work product," codified in the Federal Rules of Civil Procedure, is typical, providing a qualified protection from discovery when the items sought are:

Documents and tangible things that are otherwise discoverable

Prepared in anticipation of litigation or for trial

Prepared by or for another party or by or for that other party's representative

Key to identifying protected work product is the finding that the documents or things were prepared "in anticipation of litigation." Actual litigation need not have commenced at the time the attorney prepared the documents or things at issue. However, the court, in applying work product protection, must be satisfied that they were prepared at a time when there was a risk of litigation and that they were not merely prepared in the ordinary course of business. Generally, the federal courts will follow either of two tests for determining whether a document was prepared "in anticipation of litigation":

The "primary purpose" test, in which the court must, in order for the work product doctrine to apply, find that the primary motivating purpose behind the creation of the documents or things at issue was to aid in possible future litigation

The "because of test," in which the court must, in order for the work product doctrine to apply, find that the documents or things at issue can fairly be said to have been prepared or obtained because of the prospect of litigation in light of the nature of the document and the factual situation in the particular case

The latter test does not consider the motivation for creating the document and, therefore, is arguably the more protective and more inclusive of the two tests — especially with respect to documents or things prepared both for a regular business need and for the purposes of current or future litigation.

However, even if the documents or things at issue are found to have been prepared in anticipation of litigation under the relevant test (and all other requirements for the work product doctrine are met), the party seeking disclosure may overcome the work product protection. In the federal courts, under the Federal Rules of Civil Procedure, work product privilege is overcome when the party seeking disclosure demonstrates both of the following:

A "substantial need" for the documents or materials in order to prepare the party's case

The inability of the party seeking discovery to obtain the substantial equivalent of the information by other means without "undue hardship"

Federal courts have determined that a "substantial need" for the information must be specifically articulated by a litigant who argues for the disclosure; general statements by the party seeking the discovery will not suffice. Courts may conduct an in camera inspection of the documents or things to determine whether they serve a "substantial need." For example, the fact that an accident site or other key locale has fundamentally altered, thus depriving one party of the ability to collect evidence from the site, may give rise to a "substantial need" that entitles that litigant to the work product that would otherwise be protected. A showing that a key witness is deceased, mentally ill, or unavailable may constitute a "substantial need" for witness statements or other work product of an attorney. Consideration of financial cost alone does not, however, constitute a "substantial need."

Cost may, however, be a consideration in the analysis of "undue hardship," the second requirement a litigant must meet in order to overcome its adversary's right to work product protection. Courts have found "undue hardship" where re-creating the information contained in the work product would be time-consuming, impracticable because of the volume of information at issue, and costly. In determining whether the "undue hardship" criterion is met, the court will likely weigh the abilities and resources of the parties to undertake these efforts.

Despite these exceptions to the work product doctrine, an attorney's mental impressions, conclusions, opinions, and legal theories remain protected as "core" or "opinion" work product. An example of core work product is prior drafts of a brief, letter, or answers to discovery requests. If prepared with the client's assistance, such documents would also be subject to attorney-client privilege and would not be discoverable. Documents and things that constitute core or opinion work product of one party's attorney are almost never discoverable under the Federal Rules of Civil Procedure, even if the opponent can show a "substantial need" for such information and "undue hardship" resulting from nondisclosure.

The fact that a communication is protected by the attorney-client privilege does not mean that a document containing that communication is protected work product, or vice versa. Generally, courts in the United States, whether state or federal, require parties to identify on a "privilege log" documents that are withheld during discovery on the basis of the attorney-client privilege (or other privilege) or on the grounds of work product protection. Failure to note that a privileged document is also work product may foreclose a party's ability to invoke work product protection should the claim of privilege fail. Therefore, the privilege log must be carefully drafted.

Changes to Rule 26 of the Federal Rules of Civil Procedure ("**Rule**") have expressly extended work product protection to all drafts of expert reports in any form and exempt from discovery most communications between the trial counsel for a party and those of its testifying experts whom the Rule requires to submit an expert report. Under this "attorney-expert" privilege, all communications, whether oral, written, or electronic, between trial counsel and the expert are protected unless they relate to the testifying expert's compensation; they identify facts or data that the party's attorney provided, and that the expert considered, in forming the opinions expressed; or they identify assumptions that the party's attorney provided to the expert, and upon which the expert relied in forming their opinions. Since the enactment of these changes, courts have grappled with questions left unanswered by the Rule's new language. For instance, district courts have come to different conclusions as to whether an expert's notes (as opposed to their drafts of an expert report) related to a matter are protected. Similarly, there is some uncertainty as to whether communications between attorneys and experts who are not required by the Rule to submit an expert report are privileged or discoverable.

# 03 - Scope of privilege

## Is attorney-client communication only privileged as long as it remains in the lawyer's possession, or is a copy held by the client also protected?

Typically, the "attorney-client privilege" protection is invoked and held by the client. The client maintains the right to waive the protection by disclosing the content of the communication or making an oral communication in the presence of a third party not retained for purposes of the representation. Thus, whether the attorney or client physically possess any attorney-client privileged communication is of no consequence.

## Are in-house lawyers treated in the same way as external lawyers for determining privilege?

Unlike many nations, and as alluded to above, all federal and state courts of the United States recognize that communications between corporations and their in-house attorneys who are active members of a bar association may be protected by the attorney-client privilege. However, the question of who can speak for the client — the corporation — is essential to determining whether a specific communication with an in-house lawyer is privileged. The rules governing this analysis vary considerably by jurisdiction in the United States.

In the seminal case of *Upjohn Co. v. United States*, the US Supreme Court considered whether the attorney-client privilege attached to written communications relating to a suspected illegal payment by a US corporation's foreign subsidiary to the foreign government to secure a government contract. The communications, which were demanded by a federal governmental agency, were between the in-house counsel of the US corporation and the subsidiary and were produced for the purposes of the investigation. The court held that the communications were privileged. Central to the court's holding were the facts that the communications concerned matters within the scope of the employees' official duties and that the purpose of the communications was to obtain legal advice for the corporation.

The *Upjohn* ruling is a variation of the "subject matter test," which is used in most states. Under that prevailing subject matter test, the attorney-client privilege attaches only when all of the following apply:

The communication is made for the purpose of giving or receiving legal advice

The employee who is communicating with the attorney is doing so at the direction of a superior

The direction is given by the superior to obtain legal advice for the corporation

The subject matter of the communication is within the scope of the employee's duties

The communication was not disseminated beyond individuals who, because of the corporate structure, needed to know its contents

A more restrictive test, which is used by a few states, is the "control group test." Under that test, whether a corporate employee's communication with in-house counsel is privileged depends on the employee's position and on their ability to take action on the corporation's behalf upon the advice of the in-house counsel. Thus, under the control group test, communications are privileged only where they come from or are related to senior management; communications between in-house counsel and lower-tier employees are not privileged in jurisdictions that follow the control group test. In practice, claims of privilege with respect to communications of in-house counsel and their corporate clients may be challenged on the grounds that the communications do not give or convey legal advice but rather deal with general business advice. The fact that an attorney is "cc'd" or otherwise receives a communication, or is present at a meeting at which sensitive discussions occur among officers or directors, will not automatically shield those communications from discovery.

Regardless of which test for corporate privilege may apply, a particular communication usually will not be privileged unless the basic criteria enumerated above are met. As a practical matter, in-house counsel of corporations that may face litigation in the United States should avoid mixing legal advice with general business advice and should take other measures to mark or identify as privileged any documents in which legal advice is given. In-house counsel should train other employees or agents of the corporation to mark or identify as privileged any documents in which legal advice is sought and to ensure against waiver by disclosure to third parties.

On a related note, privilege disputes can arise when corporate employees, directors, or officers who communicate with corporate counsel (whether in-house or retained) on behalf of the company later attempt to claim that the attorney-client privilege applies to their own communications with counsel, even though the corporation has waived the privilege. This situation may be fraught with hazard.

The US Court of Appeals for the Ninth Circuit, in the case of *United States v. Graf*, recently adopted a five-part test — one that also applies in the First, Second, Third, and Tenth Circuits — for determining the nature of the attorney-client relationship between corporate employees and corporate counsel. Under the test, individual corporate officers, directors, or employees seeking to assert a personal claim of attorney-client privilege with respect to communications with corporate counsel must affirmatively show five factors:

That the employee approached the attorney for the purpose of seeking legal advice

That, when the employee approached the attorney, the employee made it clear that they were seeking legal advice in an individual capacity

That the attorney saw fit to communicate with the employee in their individual capacity, knowing a possible conflict could arise

That the communication was confidential

That the substance of the communication with counsel did not concern matters within the corporation or its general affairs

An application of this test in the Third Circuit in the case of *United States v. Norris* raises concerns. The Court of Appeals determined that communications between a former officer of a corporation based in the United Kingdom and the corporation's counsel during an internal investigation were not protected by the attorney-client privilege with respect to the officer where the corporation had itself waived the privilege. The government, which claimed the officer had violated antitrust laws, was allowed to elicit the attorney's testimony against the officer, resulting in the officer's conviction and imprisonment for obstruction. The Third Circuit's ruling is designated as "non-precedential" (because not circulated to the full court before filing) but casts doubt on whether a corporate officer can afford to be candid with an attorney representing the corporation in an internal investigation. From both the company's and the employee's viewpoints, the Third Circuit's ruling emphasizes the importance of a lawyer's providing — and an employee's heeding — the so-called "*Upjohn* warning," wherein the lawyer informs the employee, at the start of any interview in service to the corporation for an investigation or legal matter, that the attorney represents only the company and that the communications will not be privileged.

In addition to in-house counsel, consultants to corporations may be considered "functional employees" and thereby may fall within the ambit of the test for attorney-client privilege. Nevertheless, the standard leaves many employees and outside consultants without the benefit of the protection of the attorney-client privilege when they speak with corporate counsel — an issue that counsel should, again, address at the outset of communications with such individuals.

Like the attorney-client privilege, under US federal and state laws, the work product doctrine may be extended to documents and things prepared by in-house counsel. Because in-house counsel may often act in a purely business role as opposed to a legal role, or in a hybrid advisory role that calls for a mixture of business and legal acumen, the question of whether a document was created "in anticipation of litigation" may be close.

In *SodexoMAGIC, LLC v. Drexel University*, a federal district court recently considered a similar problem in the context of the attorney-client privilege, and provided the following framework to help litigants determine whether in-house counsel acted in a legal capacity (for which the privilege would attach to a communication) or a nonlegal capacity (for which no privilege attaches):

A communication between in-house counsel and their client "for the express purpose of securing legal not business advice," is privileged. For example, a company president's instruction to in-house counsel to "draft this contract as quickly as possible," is a privileged communication.

Similarly, communications between in-house counsel and their client about draft contracts, and proposed contract language, are privileged.

However, where in-house counsel (or their nonlawyer subordinates) are acting in a purely "scrivener-like" role, their communications are not privileged. For example, a company officer's instruction to in-house counsel or a paralegal to "write these exact words" in a contract, is not a privileged communication.

## Does privilege extend to internal communications between in-house lawyers?

Communications between or among attorneys of a client remain privileged absent a waiver through the inclusion of a third party not retained for purposes of the representation. The mere fact that the communication involves in-house attorneys as opposed to outside should not negate the presence of the privilege where it otherwise applies. For instance, one example where federal and state courts might not recognize the privilege relates to communications that do not involve the provision of legal advice.

## Are foreign lawyers recognized for the purposes of privilege?

Courts in the United States, whether state or federal, may recognize communications between foreign lawyers and their clients as privileged. The attorney-client privilege may also be extended to the communications of foreign patent agents in limited circumstances. Again, the burden of proof in applying foreign privilege law, in lieu of the otherwise applicable privilege law, rests with the party asserting foreign law.

The answer to the question of whether the privilege will apply to communications of non-US lawyers and their clients often depends on whose law applies, according to the choice-of-law principles (as discussed under the Type of Privilege section). For example, if the court determines that the substantive privilege law of the foreign nation should apply, and the foreign nation does not recognize the privilege — for example, because the foreign attorney is an in-house counsel and the nation does not extend privilege to communications with in-house counsel — the US court may require disclosure of the communication. The determination of whether the communications between foreign counsel and their clients are privileged may also depend on whether the non-US attorney is a member of any bar association, either in the United States or in the nation where the attorney practices. This distinction may also drive the determination of whether the communications at issue would be protected under the foreign law being invoked, given that in many nations, the privilege is extended only to members of a national bar association.

Disputes arise over whether, and to what extent, communications with US or foreign patent agents are privileged. Although some courts have declined to recognize the privilege on the grounds that a patent agent is neither an attorney nor a member of a bar, other courts have recognized that the prosecution of patent applications constitutes the practice of law and have therefore extended a privilege.

In cases involving communications of foreign patent agents, the court may apply the so-called "touching base" approach to determine whether the communication is privileged. Under this approach, if the communication involves a foreign patent application, then, as a matter of comity, the court looks to the foreign law to determine whether that law provides a privilege; if it does, the privilege applies. However, other courts have applied a traditional balancing test to determine which nation has the "dominant interest" in the communication, considering such interests as the parties to and substance of the communication and the location where the relationship was centered at the time of the communication. Still other courts have ruled that the privilege may extend to communications with foreign patent agents related to foreign patent activities if the privilege would apply under the law of the foreign country, provided that the foreign law is not contrary to the forum's law.

## Does privilege extend to nonlegal professionals who may from time to time advise on legal issues relating to their field, e.g., accountants or tax consultants advising on tax law?

The attorney-client privilege generally extends to communications between the client and agents of the attorney, as long as the communication involves the subject matter about which the attorney was consulted and the attorney retained the agent for the purpose of assisting the attorney in rendering legal advice to the client.

# 04 - Sharing documents with third parties

## In what circumstances (if any) can a document be given to a third party without losing protection?

Under federal law, a disclosure of a privileged communication or work product in a state or federal proceeding or to a federal office or agency is not a waiver if "the disclosure is inadvertent" and if the holder of the privilege or protection "took reasonable steps to prevent disclosure" and "promptly took reasonable steps to rectify the error." Parties may, by agreement, ensure that the disclosure does not constitute a waiver of privilege or work product protection. The federal court's entry of an order incorporating such an agreement makes that agreement binding on all parties in future state or federal proceedings. No clear standard has yet emerged for determining what constitutes a party's "reasonable" efforts to prevent the disclosure of privileged information under the rule. Courts have found a waiver of privilege based on the determination that the party who disclosed the privileged communications either failed to take sufficient care in reviewing documents for privilege before the disclosure or failed to provide information sufficient to allow the court to assess the reasonableness of efforts to avoid such disclosure.

Because of the differing purposes of attorney-client privilege and work product doctrine, the terms governing the privilege and the conditions constituting waiver differ significantly. Generally, waiver of the attorney-client privilege occurs upon the disclosure of the privileged communication to any third party. In contrast, work product protection is not waived by mere disclosure to any third party. Instead, work product protection is typically waived only where the disclosure would substantially increase the likelihood of an adversary's or potential adversary's obtaining the work product. For this reason, disclosure of work product to neutral third parties, or to persons with a common interest — whether a business interest or a legal one — usually will not waive the protection. Disclosures of work product to the government might result in a waiver; such determinations are, at least in the Second Circuit, made on a case by case basis and may depend on whether the prior disclosures to the government were made subject to an executed nondisclosure agreement.[[1]](https://resourcehub.bakermckenzie.com/en#US_ftn1)

However, depending on the jurisdiction, disclosure of an attorney-client-privileged communication or document to a third party may not waive the attorney-client privilege (or work product protection, if applicable) where any of the following apply:

The disclosure was made among co-defendants represented by the same attorney or trial team in the context of actual or threatened litigation, where the communications pertain to common issues and are made to facilitate representation in subsequent litigation (often called the "joint defense privilege")

The disclosure was made between or among the lawyers of two or more clients who have a "common interest" in the litigation (often called the "common interest privilege")

The disclosure was made to a "communicating agent," such as a tax expert, who serves effectively as a translator of technical or specialized information and whose true purpose is to facilitate the communication of legal advice (often called the "translator privilege")

The disclosure was made to an agent of the attorney who assists in the attorney's representation. Notably, some courts only apply this exception to agents who are "necessary" or "nearly indispensable" to facilitate attorney-client communications. Indeed, courts are divided as to whether communications with a public relations consultant retained by an attorney are privileged because they disagree as to whether a public relations strategy is a reasonably necessary component of the representation

Such exceptions to the waiver rules are often inaccurately termed privileges in their own right. The applications of the exceptions will vary, depending on the particular jurisdiction and the circumstances of the case. Furthermore, these protections tend to be somewhat narrowly construed. For instance, the fact that an attorney has retained a tax expert does not render the communications with that expert legal advice. The US Court of Appeals for the Ninth Circuit has held that the work file of a tax appraiser whom an attorney had hired to prepare a report to value an income tax deduction was not privileged; the tax appraiser was deemed not to be providing legal advice in that context.

Another exception to the general rule that disclosure constitutes a waiver of an attorney-client privileged document may arise when the disclosure was inadvertent. The Federal Rules of Evidence provide for the retention of attorney-client privilege or work product protection notwithstanding "inadvertent disclosure" during discovery, provided that the disclosing party took reasonable measures to prevent inadvertent disclosure and took prompt remedial measures upon discovering the inadvertent disclosure. Under the Federal Rules of Evidence, the parties can enter into an agreement limiting the effect of waiver resulting from disclosure between or among them. While such an agreement ordinarily binds only the parties to the agreement, Rule 502 makes clear that if the parties want to extend that protection from a waiver finding to prevent disclosure to non-parties, such as parties in other proceedings, their agreement must be incorporated into a court order.

In addition to these exceptions to waiver, it is important to note two important circumstances that generally are not recognized as exceptions and that will result in waiver of the attorney-client privilege or work product protection. First, an attempt to selectively disclose certain attorney-client privileged communications or work product — such as those that are favorable to one's case — while withholding related documents as privileged or protected will result in a "subject matter waiver," such that the court will require disclosure of all such communications pertaining to that subject matter. This rule of waiver prevents parties from "cherry picking" favorable privileged documents or work product and thereby presenting a distorted record. However, under the Federal Rules of Evidence, an inadvertent disclosure will not constitute a subject matter waiver; rather, subject matter waiver applies where the waiver is intentional and where the disclosed and undisclosed communications concern the same subject matter and ought in fairness be considered together.

Second, courts have generally declined to recognize "selective waiver," or the ability to disclose privileged communications to a single party or entity, such as the federal government, upon an investigation or inquiry, while claiming to retain the privilege or protection as to the rest of the world. Generally, the turning over of documents to an entity or person will result in a total waiver of the privilege with respect not only to that entity or person but to all future litigants.

The Southern District of Florida's decision in *S.E.C. v. Herrera*, 324 F.R.D. 258 (S.D. Fla. 2017) is instructive, and shows that courts may rule that a party waived a privilege even when it only discloses privileged content to third parties through oral communications. In that case, a party retained an international law firm to conduct an internal investigation, including interviews of more than three dozen of its employees. The law firm then orally shared notes regarding twelve of its interviews with the SEC. The court ruled that, through its oral disclosures, the law firm had waived all work product protection relating to those twelve interviews and ordered it to disclose its corresponding work product to the civil litigants who moved to compel its production.

[[1]](https://resourcehub.bakermckenzie.com/en#US_ftnref1) See, e.g., *In re Steinhardt Partners*, L.P., 9 F.3d 230, 236 (2d Cir. 1993); *see also* *In re Symbol Techs., Inc. Sec. Litig.*, No. CV 05-3923 (DRH) (AKT), 2016 U.S. Dist. LEXIS 139200, at \*19 (E.D.N.Y. Sep. 30, 2016).

# 05 - Investigations

## Are there any differences in how privilege operates in civil, criminal, regulatory or investigatory situations?

There are generally no differences in the elements that a litigant must satisfy to withhold documents and/or communications under the attorney-client privilege or work product doctrine in civil, criminal, regulatory or investigatory situations. However, with regard to regulatory and investigatory situations, companies must make sure that their legal departments (or outside counsel) conduct any internal investigations or, at the very least, direct the personnel involved in the investigations, including nonlegal employees. Otherwise, the attorney-client privilege and/or work product doctrine may not attach to the communications exchanged during the investigation.

Also, it should be noted that the crime-fraud exception, which provides that communications made in furtherance of a crime are not privileged, is more likely to apply in the context of criminal and investigatory situations.

## Can notes of interviews with employees and other documents produced during investigations be covered by privilege?

Documents created during internal investigations, including notes of interviews with employees, are generally protected by the attorney-client privilege and work product doctrine. However, communications (including interviews of employees) are only privileged if they are "for the purpose of seeking, obtaining, or providing legal assistance," and the work product doctrine only protects documents and communications that are exchanged in "anticipation of litigation." In that light, courts generally hold that communications exchanged during internal investigations are only privileged if the "primary purpose" of the investigation was to seek or provide legal advice.[[1]](https://resourcehub.bakermckenzie.com/en#US5_ftn1)

Further, the work product doctrine will only apply if the memoranda or other documents were prepared in anticipation of litigation rather than in the ordinary course of business, or for a business-related purpose.[[2]](https://resourcehub.bakermckenzie.com/en#US5_ftn2)

Whether notes of interviews with employees during investigations are privileged also depends on whether the relevant jurisdiction applies the "control group" test — that is, whether the communication is made by "top management" as well as "an employee whose advisory role to top management in a particular area is such that a decision would not normally be made without his advice or opinion, and whose opinion in fact forms the basis of any final decision by those with actual authority."[[3]](https://resourcehub.bakermckenzie.com/en#US5_ftn3) In jurisdictions that apply the "control group" test rather than the federal *Upjohn* standard, notes of interviews of non-control group employees may not be privileged.[[4]](https://resourcehub.bakermckenzie.com/en#US5_ftn4)

[[1]](https://resourcehub.bakermckenzie.com/en#US5_ftnref1) See, e.g., *Pitkin v. Corizon Health, Inc.*, 2017 U.S. Dist. LEXIS 208058, at \*9 (D. Or. Dec. 18, 2017); see also *Green v. The Kroger Co.*, No. 4:20-cv-01328, 2022 U.S. Dist. LEXIS 66281, at \*7 (S.D. Tex. Apr. 11, 2022).

[[2]](https://resourcehub.bakermckenzie.com/en#US5_ftnref2) See, e.g., *Banneker Ventures, LLC v. Graham*, 253 F. Supp. 3d 64, 71 (D.D.C. 2017) (memoranda reflecting communications exchanged in employee interviews were not protected by the work product doctrine because the interviews were initially conducted for a "business purpose" and only later became relevant to potential litigation); see also *Wengui v. Clark Hill*, PLC, 338 F.R.D. 7, 10 (D.D.C. 2021) (holding that an investigation report generated in connection to a cyber-security breach would have been created for business purposes irrespective of litigation and, therefore, was not protected work product).

[[3]](https://resourcehub.bakermckenzie.com/en#US5_ftnref3) See, e.g., *Resurrection Healthcare v. GE Health Care*, No. 07 C 5980, 2009 U.S. Dist. LEXIS 20562, at \*7 (N.D. Ill. Mar. 16, 2009).

[[4]](https://resourcehub.bakermckenzie.com/en#US5_ftnref4) See id. at \*10-11.

# 06 - Regulatory investigations

## Can governmental regulators require a privileged document to be provided to them?

Governmental regulators cannot compel the disclosure of privileged communications or work product, absent proof that those communications or work product were made in furtherance of a crime or fraud. The ethical obligations of attorneys under the American Bar Association Model Rules of Professional Conduct ("**Model Rules**") do not, by their terms, require them to disclose privileged information but do permit the lawyer to disclose privileged information so as "to comply with a court order." In other limited circumstances as provided by the Model Rules, an attorney may divulge privileged information to the relevant authorities, such as when the attorney reasonably believes that such disclosure is necessary to prevent reasonably certain death or substantial bodily harm, to prevent the client from committing a crime or fraud that is reasonably certain to result in substantial injury to the financial interests or property of another (and in furtherance of which the client has used or is using the lawyer's services), and under other limited circumstances.

A more subtle question is whether the government can coerce the waiver of attorney-client privilege or work product doctrine in a governmental investigation of a corporation. In 2008, in the "Principles of Federal Prosecution of Business Organizations," the US Department of Justice adopted measures to ensure the voluntariness of waivers of attorney-client privilege or work product protection in the context of investigations undertaken by the agency. Under these principles, a party's "cooperation credit" or measure of leniency is based on that party's disclosure of "relevant facts" concerning the alleged misconduct, whether or not privileged, and not specifically on the fact that the party agreed to waive a privilege or protection. As well, the principles prohibit prosecutors from requesting waivers of attorney-client–privileged communications pertinent to the investigation or of core or opinion attorney work product except in limited situations: (i) where an advice of counsel defense is asserted; or (ii) where the document at issue is in furtherance of a crime or fraud. Guidance regarding the US Foreign Corrupt Practices Act, issued by the US Department of Justice in November 2012, cited the 2008 principles and noted that the agency does not assess a corporation's cooperation based on whether it waived attorney-client privilege or work product protection as to materials disclosed to the agency.

In 2015 and 2017, the Department of Justice revised its US Attorneys' Manual (now renamed the "Justice Manual") and reaffirmed the principles that corporations need not disclose privileged communications to receive "cooperation credit" and prosecutors may not request that they waive the protections of the privilege except in the narrow circumstances discussed above. By contrast, the Securities and Exchange Commission's Enforcement Manual (last updated in November 2017) permits SEC investigators to request waivers of privilege if they first obtain proper approval within the agency.

# 07 - Recent issues

## What (if any) recent issues have arisen in relation to privilege in the jurisdiction?

In a prior edition of this Guide, we reported two major developments in federal discovery law: (i) the enactment of federal legislation pertaining to the discovery of electronically stored information ("ediscovery" of "ESI"); and (ii) changes governing the privilege afforded to the work of experts. These remain the most recent major developments in US law related to privilege.

Under federal law, a disclosure of a privileged communication or work product is not a waiver in a state or federal proceeding if "the disclosure is inadvertent" and if the holder of the privilege or protection "took reasonable steps to prevent disclosure" and "promptly took reasonable steps to rectify the error." Parties may, by agreement, ensure that the disclosure does not constitute a waiver of privilege or work product protection. The federal court's entry of an order incorporating such an agreement makes that agreement binding on all parties in future state or federal proceedings. No clear standard has yet emerged for determining what constitutes a party's "reasonable" efforts to prevent the disclosure of privileged information under the rule. Courts have found a waiver of privilege based on the determination that the party who disclosed the privileged communications either failed to take sufficient care in reviewing documents for privilege before the disclosure or failed to provide information sufficient to allow the court to assess the reasonableness of efforts to avoid such disclosure.

The other major development in US privilege law in recent years was the enactment of changes to Rule 26 of the Federal Rules of Civil Procedure ("**Rule**") to expressly extend work product protection to all drafts of expert reports in any form and to exempt from discovery most communications between the trial counsel for a party and those of its testifying experts whom the Rule requires to submit an expert report. Under this "attorney-expert" privilege, all communications, whether oral, written, or electronic, between trial counsel and the expert are protected unless they relate to the testifying expert's compensation; they identify facts or data that the party's attorney provided and that the expert considered, in forming the opinions expressed; or they identify assumptions that the party's attorney provided to the expert, and upon which the expert relied in forming their opinions. Since the enactment of these changes, courts have grappled with questions left unanswered by the Rule's new language. For instance, district courts have come to different conclusions as to whether an expert's notes (as opposed to their drafts of an expert report) related to a matter are protected. Thus, in *In re Application of Republic of Ecuador*, expert's notes, task lists, outlines, memoranda, presentations, and draft letters were not protected as draft reports, whereas in *SKF Condition Monitoring, Inc. v. Invensys Sys*, expert's notes and outlines were exempt from discovery. Similarly, there is some uncertainty as to whether communications between attorneys and experts who are not required by the rule to submit an expert report are privileged or discoverable.

# 08 - Authors

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