

*Production of
Privileged Materials*

Attorney-Client Privilege

Not the same as general privilege

A-C Privilege (ACP):

Party must demonstrate a communication between counsel and client
Which was intended to be and was in fact kept confidential and made
For the purpose of obtaining or providing legal advice

Party asserting privilege has burden of proof.

Work Product Privilege

Not the same as general privilege or ACP

A party may obtain discovery of documents and other tangible things
Prepared in anticipation of litigation ONLY if they show discovery of such
Is substantially needed to prepare the case, the party is unavailable
Without undue hardship, to get substantial equivalent of materials by
Other means.

Factual work product: substantial need, undue hardship

Mental work product: greater and nearly absolute privilege

ACP meant to encourage clients to speak freely. WP meant to encourage
Attorneys to think freely. ACP is absolute. WP is qualified and may
be overcome.

What is a trade secret?

Definition:

Any information that derives economic value, actual or potential, from the secrecy of such information.

*What is your legal duty
regarding trade secrets?*

Importance of Trade Secrets

- Trade secrets are estimated to comprise 80% of assets
- Corporate growth is being driven by idea creations
- Asset valuations have shifted from Tangible to Intangible

(Sarbanes-Oxley Act) of 2002
Sections 302, 404, 906

Trade Secrets and Corporate Duty

Sarbanes-Oxley Mandates:

- Trade secret asset-control committee or a specific corporate officer charged with the responsibility to identify, protect and value trade secret assets on a day-to-day basis.
- Above duty extends to third-party relationships
- Trade secrets sold or acquired in mergers and acquisitions will have to be tracked and monitored by the corporation

*What processes and procedures
can you implement to protect
trade secrets during discovery?*

Identify the Information

1. Find the custodians of the information (Sarbanes-Oxley)
2. Ask to see non-disclosure, non-compete, non-solicitation agreements and other documented entrance and exit procedures.
3. Discuss access controls. Who has access to what information and how is that information marked?
4. Find out what computer device and other electronic security measures you may encounter (IT Custodians).

When the situation arises...

Obviously...

Intellectual property law

But also

Medical malpractice

Personal injury

Contract

Product liability

Probate

White collar crime (fraud, etc.)

Protective Orders

Level One: Protective Orders

1. Is the simplest but also least satisfying.
2. Common.
3. Inherently limited because of their focus on what one “does” with the information found, as opposed to “access” to the information in the first place. (i.e., doesn’t limit SCOPE)

Procedure: California Evidence Code Section 1061

The motion shall *include an affidavit based upon personal knowledge listing the affiant's qualifications to give an opinion concerning the trade secret at issue, identifying, without revealing, the alleged trade secret and articles which disclose the secret, and presenting evidence that the secret qualifies as a trade secret* under either subdivision (d) of Section 3426.1 of the Civil Code or paragraph (9) of subdivision (a) of Section 499c of the Penal Code. The motion and affidavit shall be *served on all parties* in the proceeding.

Independent Experts/Special Masters

Someone who is engaged by and reports to the court, as opposed to the parties.

Requires a fairly precise notion of what is to be found.

Absorbs a considerable amount of the court's time and attention in managing the inspection.

Can be very costly.

Limit or Narrowly Define Inspections

You can attempt to “limit” or “define” the scope of an inspection. In some cases, a requesting party has been required to revise its request to specify a narrower and less intrusive request.

May be able to create a search protocol that focuses on what a party considers to be *relevant* information.

Court-Ordered Searches

When a court orders a party to conduct a particular search of its own computers and to provide the search results to its opponent.

This approach has some appeal in cases where the disclosure of the underlying information is **particularly problematic** and the material sought **can be clearly identified**.

Privilege Logs

Defining Privilege Logs

A **privilege log** is a document that describes documents or other items withheld from production in a civil lawsuit under claims of various types of privilege (attorney-client, trade secret, etc.)

Row #	Description	Date	Pgs	Int/RFP	Privilege Asserted	UNITED STATES OF AMERICA ET AL V. SF ET AL PRIVILEGE LOG
1	Box 1 of zone litigation file for McIntosh claim - 24-z178-602	10/30/06 - 04/09	2467	RFP 01	Prepared in anticipation of litigation	USARIGSBY00000114PRIV - USARIGSBY00002580PRIV
2	Box 2 of zone litigation file for McIntosh claim - 24-z178-602	10/30/06 - 04/09	2728	RFP 01	Prepared in anticipation of litigation	USARIGSBY00002581PRIV - USARIGSBY00005308PRIV
3	Box 3 of zone litigation file for McIntosh claim - 24-z178-602	10/30/06 - 04/09	2766	RFP 01	Prepared in anticipation of litigation	USARIGSBY00005309PRIV - USARIGSBY00008074PRIV

Review Requirements

1. Review requirements using Federal, state and local rules
FRCP 26(b)(5) provides a framework for the privilege log

A) Information Withheld. When a party withholds information otherwise discoverable by claiming that the information is privileged or subject to protection as trial-preparation material, the party must:

- (i) expressly make the claim; and

- (ii) describe the nature of the documents, communications, or tangible things not produced or disclosed — and do so in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the claim.

Contents of the Log

Each entry should contain the following information (suggested):

1. Type of document, i.e., memorandum, email, letter, etc.
2. Name of the document author.
3. Names of the document recipients.
4. Document date.
5. Title or description of the document.
6. Subject matter of the document.
7. The privilege claimed, i.e., “attorney work product,” “attorney client communication,” etc.

Uniformity and Consistency

You must describe the withheld document without disclosing the privileged information.

Attempt uniformity and consistency by developing pre-drafted, partial descriptions that counsel would tailor to each document. These partial descriptions should be approved by lead counsel before the review begins. They should describe the documents in sufficient detail to comply with the rule, but without revealing the content.

Using these partial descriptions, your counsel would complete the description to make the entry specific to the document being withheld or redacted. By way of example, a pre-approved document description might begin: *“E-mail communication between attorney and client”* Counsel could then finish the description by adding a phrase specific to the document: *“... pertaining to XYZ business sale.”*

By standardizing the format and protocols in advance, you can produce a log that is uniform and consistent across all entries.

Privilege Log Best Practices

- Complete regular quality control of privilege determinations.
- Use a standardized privilege log protocol to properly train the review team which will improve the quality and accuracy of each entry.
- Make sure you periodically obtain updated, comprehensive attorney lists (attorney names, firms, acronyms and e-mail addresses) for counsel logging documents to use during review.
- Discuss with the client new information found as the review continues and ensure effective review protocols are created that can be used to code future entries as well as be incorporated into previous entries during QC review.

Best Practices, Cont.

- Provide a privilege log simultaneously with your document production. If additional time is needed to prepare a detailed privilege log, secure a specific-date agreement from opposing counsel or the court.
- If the privileged documents are voluminous and creation of a detailed privilege log will prove overly burdensome, **seek a protective order from the court rather than submitting a general privilege-log chart with vague, categorical descriptions.**

Best Practices, Cont.

- If the opposing party challenges your privilege log's adequacy, and you perceive some vulnerability, **suggest the court permit a revised privilege log before it jumps to the waiver sanction.**
- Use the privilege log to your advantage by including language that tracks the elements of the asserted privilege.
- Consider the privilege log from the judge's viewpoint and ask whether, after reading your privilege log, she will feel compelled to agree with your privilege assertions without resorting to *in camera* review.

Best Practices, Cont.

- Do not merely identify recipients by the name of a distribution list (e.g., “Logistics Team”); rather, identify each employee within the distribution list.
- No matter what, party should **almost always** identify the document’s
 - subject matter,
 - author,
 - recipient(s),
 - dates, and
 - asserted privilege.

Oops!

Loss of trade secret status through inadvertence or accident generally will result in loss of that status, **unless the disclosure was made during discovery.**

An attorney accidentally disclosed attorney/client protected material? The most important factor appears to be the **steps taken by the holder of the trade secret to protect it**, and "inadvertent" disclosure is often evidence of the holder's failure to use "adequate measures" to protect the secret.

Bottom Line: Defensibility is key. Document. Document. Document.

*Inadvertent Production of
Privileged Materials*

Federal v. State

Most federal and state rules closely parallel

At both levels: information produced in discovery by a party who is claiming it is privileged must notify the other party(s) receiving it and explain basis of the privilege.

The other party must promptly return, sequester or destroy the information and cannot use, disclose information until resolution of claim. Must take reasonable steps to retrieve it.

Duty is on the sending/producing party to retrieve.

ABA Rules

ABA has issued a formal opinion on the matter:

Places a duty on the receiving party as well (This differs from statutory requirements): Duty to notify producing party (rule 4.4 revision in 2002 only requires notification); formal opinion in Opinion 92-368 rescinded *that*. Best practice: check your state rules; err on the side of notifying

Waiver of Privilege

Federal courts loathe to find inadvertent production equals waiver

IF receiving party acts too slowly (*Maldonado*) or with demonstrable “bad faith”, courts may sanction and severe penalties (such as disqualifying lawyer and lawyer’s firm from any further work on the matter) may occur

Waiver of Privilege

If law governing accidental potential disclosure is unclear, lawyer should Still (According to ABA), if you think you have privileged information:

- Stop reading documents immediately
- Draft memo regarding facts of revelation and describe documents (without looking at them again)
- Sequester and secure documents
- Give opposing counsel notice of their breach of privilege demanding immediate response
- Do not waive right to demand production
- Inform sending attorney you are submitting documents to court under seal and requesting court rule on privilege of documents unless defendant waives privilege prior
- File appropriate pleading with court and file documents under seal

Great Sample Logs and Resources

Privilege Log (Litigation Checklist)

<http://www.jeffvail.net/2010/08/privilege-log-litigation-checklist.html>

Sedona Conference: Privilege Log Discussion

<https://thesedonaconference.org/node/4316>

JDSupra: Privilege Logs from Hell

<http://www.jdsupra.com/legalnews/the-document-from-hell-aka-the-privile-198061/>

Categorical Privilege Logs

<http://e-discoveryteam.com/2010/11/22/welcome-to-our-rockin-priv-party-on-categorical-privilege-logs/>

Privilege Log Procedure and Tips (2000)

<http://www.lieffcabraser.com/media/pnc/5/media.315.pdf>

Privilege and Trade Secrets

The Wheels Are Falling Off the Privilege Bus: What Deal Lawyers Need to Know to Avoid the Crash

<http://www.mofo.com/files/Uploads/Images/110800-The-Wheels-Are-Falling-Off-the-Privilege-Bus-What-Deal-Lawyers-Need-to-Know-to-Avoid-the-Crash.pdf>

IDENTIFICATION OF TRADE SECRETS DURING DISCOVERY: TIMING AND SPECIFICITY

<http://www.stradley.com/library/files/krc-identification.pdf>

e-Discovery and Trade Secrets Law: Limitations on Discovery

http://www.americanbar.org/content/dam/aba/migrated/intelprop/magazine/LandslideMarch2010_Carlson.authcheckdam.pdf

Top Ten Ways to Protect Your Trade Secrets

<http://ediscoverylabs.com/2012/09/top-ten-ways-to-protect-your-trade-secrets/>

Questions?

Next Class

Production of privileged, sensitive, confidential or protected materials

Reading: (See syllabus for details)

1. Gabriela P. Baron, *Clawback Agreements Provide a “Clear Answer” When Privileged Documents Are Inadvertently Produced*, 2013 XEROX BLOGS XEROX E-DISCOVERY TALK, May 13, 2013 at (2013), **Access via** <http://xerox.bz/1d7AFih> (last visited May 31, 2015).
2. Jennifer F. Beltrami, *Are Clawback Agreements Being Used to Their Full Extent?*, 2012 AM. B. ASSOCIATION: COM. & BUS. LITIG. › ARTICLES, Apr. 30, 2012 at (2012), **Access via** <http://bit.ly/1JbXm2A> (last visited May 31, 2015).
3. John A. Rosans, *6 Years In, Why Haven't FRE 502(d) Orders Caught On.pdf*, 2014 KATTEN MUCHEN ROSENMAN LLP › L. 360,