WILMERHALE

Privilege Standing Committee Update

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Courts Split Regarding Whether Subject-Matter Waiver under *EchoStar* Extends to Defenses Beyond those Addressed by Opinion of Counsel

Since the Federal Circuit's decision in *In re EchoStar Communications Corp.*, 448 F.3d 1294 (Fed. Cir. 2006), holding that reliance on an advice-of-counsel defense to a claim of willful patent infringement waives the privilege as to attorney-client communications and communicated work product regarding the same subject matter as counsel's opinion, courts have wrestled with how far such subject-matter waiver extends. In particular, courts have split over the question of whether waiver extends beyond the subject matter of the underlying opinion of counsel to include other defenses to willful infringement.

In the recent case of *Autobytel, Inc. v. Dealix Corp.*, No. 2:04-CV-338, 2006 U.S. Dist. LEXIS 72032 (E.D. Tex. Oct. 3, 2006), Dealix defended against a claim of willful infringement by relying on an opinion of counsel that it did not infringe Autobytel's patent. Autobytel maintained that this reliance waived privilege not only as to communications regarding non-infringement but also as to communications regarding enforceability and validity of the patent. *Id.* at *11. The court noted that *EchoStar* did not squarely address this question and that district courts have split on the issue. *Id.* at *12-13 (collecting cases).

Ultimately, the court concluded that the holding of *EchoStar* is not so broad as to require waiver of privilege regarding defenses not addressed by the opinion of counsel on which the accused infringer has relied. *Id.* at *13-14. As the court explained, the Federal Circuit in *EchoStar* left

undisturbed the lower court's ruling that waiver did not extend beyond the subject matter of the underlying opinion of counsel. *Id.* at *14. Moreover, "the purpose of the advice-of-counsel privilege waiver is to allow an inquiry into the infringer's state of mind regarding the infringer's reasonable reliance on its advice of counsel. . . . [I]nquiries into the infringer's state of mind regarding infringement defenses not addressed in the underlying opinion are of limited utility in determining whether the infringer's reliance on the underlying opinion is reasonable." *Id.* at *15. Finally, the court noted, expanding the holding of *EchoStar* to require waiver of privilege as to opinions regarding other defenses would not serve the core purposes of attorney-client privilege the work-product doctrine: encouraging attorney-client communication and preventing "piggy-backing" on an adversary's work product. *Id.* at *15-16.

S.D.N.Y Rules That Employees' E-mails on Private Accounts Accessed Via Employer's Computers and Internet Service Are Not Protected by Attorney-Client Privilege or Work-Product Doctrine

E-mails between private password-protected e-mail accounts are not protected by the attorney-client privilege or the work-product doctrine when an employer's computer is used to access such accounts and the employer has a policy that prohibits personal use and allows for administrative monitoring of computer use, according to a recent decision in the Southern District of New York. In the course of discovery in *Long v. Marubeni America Corporation*, No. 05 Civ. 639 (GEL) (KNF), 2006 U.S. Dist. LEXIS 76594 at *1 (S.D.N.Y. Oct. 19, 2006), Marubeni America Corporation ("Marubeni") located temporary internet files on the computers it had issued to former employees, and plaintiffs in the suit, Long and Presto. *Id.* at *1-3. After the court directed Marubeni to provide the files to the plaintiffs so that they could determine whether any were privileged communications, plaintiffs withheld a subset including e-mails sent via private password-protected e-mail accounts to their attorney or to one another at the direction of their attorney. *Id.* at *3, *6, *11. Marubeni challenged plaintiffs' assertion of privilege over any of the files it had discovered on the computers assigned to Long and Presto.

Taking Marubeni's policies into account, the court evaluated whether the attorney-client privilege or work-product doctrine could properly protect the withheld messages from disclosure. *Id.* at *4-12. The court determined that the plaintiffs could not assert the attorney-client privilege over any of the communications because they had not established that the communications were confidential: The fact that Presto had helped draft the Employee Handbook containing Marubeni's Electronic Communications Policy ("ECP") and the fact that Marubeni sent annual reminders about the ECP to all employees suggested, the court noted, that plaintiffs knew or should have known that: "(a) use of [Marubeni's] automated systems for personal purposes was prohibited; (b) [Marubeni] employees 'have no right of personal privacy in any matter stored in, created, or sent over the e-mail, voice mail, work processing, and/or internet systems provided' by [Marubeni]; and (c) [Marubeni] had the right to monitor all data flowing through its automated systems." *Id.* at *7-9. Similarly, work product exchanged in the e-mails did not qualify for protection because, the court stated, "by deliberately using their [Marubeni] issued computers and [Marubeni] provided internet access to exchange work product, . . . the plaintiffs voluntarily disclosed work product to all [Marubeni] employees authorized by [Marubeni] to monitor its automated systems and to police them for ECP violations." *Id.* at *11-12.

The court also determined that plaintiffs' assertion that they had inadvertently disclosed the communications to Marubeni was inapplicable. *Id.* at *12.

Communications Between Husband of Client and Client's Attorney Do Not Qualify as Attorney-Client Communications Where Husband Is Not Necessary to Effectuate Representation or to Communicate Information

In the recent District of Connecticut case of *Leone v. Fisher*, defendant Fisher moved to compel Leone's attorney to disclose all file materials regarding Leone's criminal arrests, the second of which had led Leone to file her § 1983 action against Fisher. *Leone v. Fisher* , Civil No. 3:05-CV-521 (CFD) (TPS), 2006 U.S. Dist. LEXIS 75571, at *1 (D. Conn. Oct. 18, 2006). Among the documents at issue were certain e-mails between Leone's attorney and Leone's husband that, the court noted, would clearly have qualified for attorney-client privilege protection had Leone, and not her husband, been the author or recipient because they contained requests for legal advice. Id. at *9.

The court turned to the federal common law in order to analyze whether the attorney-client privilege applied to these communications. After pointing out that the language of Supreme Court Rule 503 provides a client the right to refuse to produce certain communications "between himself ***or his representative*** and his lawyer" but does not define "representative," and considering the possibility that Leone's husband qualified as a representative under Uniform Rule of Evidence § 502(a)(4), which defines "representative" as "a person having authority to obtain professional legal services," the court determined that the analysis was incomplete. *Id.* at *11-12 (emphasis in original). The court explained that "the overwhelming majority of the common law in this area contemplates a corporate context" and that, in addition, other courts evaluating whether protection applied to communications between a client's representative and attorney had "required a showing that the representative's communication was either necessary or could not have been made by the client alone." *Id.* at *12. As examples, the court discussed cases in which the client, such as a college student severely injured in a life-threatening accident and medically unable to obtain independent legal advice or an incarcerated man who asked his mother to locate legal counsel, truly required the assistance of a representative to engage in communications with his or her attorney. *Id.* at *13. The court also noted that the attorney-client privilege is destroyed where unnecessary persons are party to a communication. *Id.* at *14. Using this approach, the court held that the e-mails in question were not protected by the attorney-client privilege because the correspondence "[did] not appear necessary to effectuate that representation, nor [did] it fairly appear that Diane Leone could not have communicated the information herself." *Id.* at. *16.

Practice Tip

Before embarking on the often expensive, time-consuming task of compiling a detailed, document-by-document privilege log in response to a discovery request, consider negotiating the size, detail and timing of the privilege log, and consult any applicable local rules that may govern privilege log requirements. Some government agencies, particularly in non-litigation or third-party discovery, may permit a privilege log based on categories rather than document-by-document, or may also consider other ways to reduce the size and burden of the log – or may even defer the log, altogether. The Federal Trade Commission now formally provides the option of a significantly abbreviated

privilege log for parties responding to its antitrust Second Request subpoena. Your chance of successfully reducing your privilege log burden is greatest if you understand your options and confront the issue with your adversary early in the discovery process. Keep in mind that an opposing party will likely seek similar relief with respect to its privilege log obligations.