INSIDE THE ATTORNEY CLIENT PRIVILEGE: POTENTIAL LANDMINES FOR U.S. INSIDE COUNSEL

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(The views expressed are not to be imputed to any company or client)
WHAT IS PRIVILEGED?

➢ Communication between “a lawyer or [her] subordinate” and a Client;
➢ For purpose of “securing either a legal opinion or legal services” -- Legal Advice;
➢ Confidential / Not Waived.

*United States v. Robinson*, 121 F.3d 971, 974 (5th Cir. 1997) (emphasis added).

**Practice Pointer**: You have the burden to establish privilege so consider these requirements when making the communication rather than just when defending the privilege.
In the U.S., in-house attorneys can have privileged communications with corporate employees.

In some other jurisdictions, the privilege may not extend to in-house attorneys. See Case C-550/07P, Akzo Nobel Chemicals Ltd., et.al v. European Commission, 2010 E.C.R. 1-8301, 1-8388.

Even in the U.S., some courts place higher scrutiny on in-house communications because “in-house counsel has an increased level of participation in the day-to-day operations of the corporation.” Stoffels v. SBC Comm., Inc., 263 F.R.D. 406, 411 (W.D. Tex. 2009) (emphasis added).
WHO IS THE LAWYER?

➢ “[C]ommunications by a corporation with its attorney, who at the time is acting solely in his capacity as a business advisor, [are not] privileged.” *Equal Employment Opportunity Comm’n v. BDO USA, L.L.P.*, 876 F.3d 690, 696 (5th Cir. 2017) (internal citations omitted).

➢ Which hat are you wearing? Determine whether counsel was participating in the communications primarily for the purpose of rendering legal advice or assistance.
  • “The lawyer’s role as a lawyer must be primary to her participation.” *In re Vioxx Prods. Liab. Litig.*, 501 F. Supp. 2d 789, 798 (E.D. La. 2007).

**Practice Pointers:**
• Pay attention to titles
• Don’t rely just on a cc
• Clearly mark communications
• Expressly link the communication to the legal issue
WHO IS THE LAWYER?

➢ U.S. companies can have a privilege with foreign counsel.
➢ Are they covered by privilege in their country? “[I]f a person is authorized ‘to practice law in any state or nation the law of which recognizes a privilege against disclosure of confidential communications between client and lawyer,’ that person is a lawyer within the privilege.” Georgia-Pacific Plywood Co. v. United States Plywood Corp., 18 F.R.D. 463, 466 (S.D.N.Y. 1956) (internal citation omitted).
➢ What privilege law applies? “[T]he country that has the predominant or the most direct and compelling interest in whether [the] communications should remain confidential, unless that foreign law is contrary to the public policy of this forum.” Anwar, 982 F. Supp. 2d at 264 (internal citation omitted).

➢ Where was the attorney-client relationship created? Where is that relationship centered?
➢ Was the advice given based on a certain nation’s laws?
➢ Was the advice given regarding a legal proceeding in a certain nation?

Practice Pointer: Know who you are dealing with and try to include a U.S. outside lawyer.
WHO IS THE LAWYER?

➢ Communications with certain agents of the lawyer can be privileged.
  • “Under certain circumstances, however, the privilege for communication with attorneys can extend to shield communications to others when the purpose of the communication is to assist the attorney in rendering advice to the client.” United States v. Adlman, 68 F.3d 1495, 1499 (2d Cir. 1995).

Practice Pointer: Make sure the entity is retained by counsel, has confidentiality obligations, and the scope of the retention is clear – to render legal advice.

Employees should understand they are not the client.
- The lawyer is the corporation’s attorney – not the employee’s.
- The employee is bound by the privilege, but it is the corporation that holds (and can waive the privilege).
- Ensure the employee is aware.

**Practice Pointers:**
- Give *Upjohn* warnings before employee interviews and document them to avoid disputes.
- Identify who needs to know and be involved – keep the privilege circle small and under confidentiality obligations.
WHO IS THE CLIENT?

➢ Former employees can sometimes be within the privilege

• “Although *Upjohn* was specifically limited to current employees, the same rationale applies to the ex-employees . . . involved in this case.” *In re Petroleum Prods.*, 658 F.2d 1355, 1361 n.7 (9th Cir. 1981).

• Some courts recognize the need for communication with former employees to render legal advice to the corporation. *Better Gov’t Bureau v. McGraw (In re Allen)*, 106 F.3d 582, 605-06 (4th Cir. 1997).


**Practice Pointer:** Know the law of your jurisdiction and consider former employees retaining counsel to protect their rights.
Make sure it is clear who is the client.

WHEN IS IT LEGAL ADVICE?

➢ Many factors can be relevant to determining if it is legal advice.
➢ Was a significant or primary purpose to render legal advice? Kellogg, Brown & Root, Inc., 756 F.3d 754, 758-60 (D.C. Cir. 2014).
➢ It is a factually intensive analysis.
   • Who initiated the investigation?
   • Who conducted the investigation?
   • If an outside investigation, who retained the investigators?
   • What were the purposes of the investigation and what evidences the purposes?
   • How and why were the lawyers involved?
   • How were the results of the investigation used?
CONFIDENTIALITY AND WAIVER

➢ “The confidentiality of a client’s communications may be compromised either through the publication of evidence of the communications themselves or through the publication of evidence of attorney statements or documents that disclose the client’s confidential communications.” Indus. Clearinghouse, Inc. v. Browning Mfg. Div. of Emerson Elec. Co., 953 F.2d 1004, 1007 (5th Cir. 1992).

➢ “When a party waives the attorney-client privilege, it waives the privilege as to all communications that pertain to the same subject matter of the waived communication.” S.E.C. v. Microtune, Inc., 258 F.R.D. 310, 317 (N.D. Tex. 2009).

Practice Pointer: Beware of partial disclosures as it could be the crack in the dam.
And they lived happily ever after...
Privilege in Europe
Privilege in common law jurisdictions - the UK
What are the main heads of privilege?

- Two main relevant heads of privilege:
  - Legal advice privilege
  - Litigation privilege

- Also privilege against self-incrimination and the without prejudice rule
  - But: ‘Common Interest’ NOT a standalone head of privilege

- Confidentiality essential element – caution against sharing privileged docs
Legal Advice Privilege (LAP) – an apparently simple test

LAP protects

Confidential communications

Between a lawyer and client

For the purpose of giving or receiving legal advice in a relevant legal context

Documents evidencing such communications

A ‘lawyer’ includes all members of the legal profession (solicitors, in-house lawyers, barristers, accredited foreign lawyers). Unknown whether unaccredited foreign in-house counsel would qualify as a ‘lawyer’
Developments in LAP (1) – "client" is a narrow concept

- Only individuals within client organisation authorised to seek and receive legal advice
- Not external third parties – e.g. accountants, consultants, experts
- Not internal third parties – i.e. individuals within client organisation who are not authorised to seek and receive legal advice
- Can be particularly difficult for in-house lawyers

RBS Rights Issue litigation [2016] EWHC 3161 (Ch)

- Court held that notes of interviews with employees as part of an internal investigation were not covered by LAP, as they were not themselves seeking legal advice (but rather providing information for purposes of RBS seeking advice)
- Moreover, while LAP covers lawyers’ working papers and drafts, the interview notes did not fall within this category: did not truly show a trend of legal advice, only a ‘train of inquiry’ (Sumitomo)
Developments in LAP (2) – legal advice can go beyond pure law (but there are limits)

For the purpose of giving or receiving legal advice in a relevant legal context

- Only advice on “what prudently and sensibly should be done in the relevant legal context”
- Provided legal context, can cover “continuum” (e.g.)
  - Advice on presentation/reputation
  - Exchange of information
- Purely business advice may not be protected
- Objective test: legal spectacles or man of business?

PAG v RBS [2015] EWHC 1557

- Factual summaries shared by lawyers with the client can be considered “legal advice” if there is a relevant legal context and it is part of a “continuum of communications” between the lawyer and client (for the purposes of legal advice)
Litigation Privilege (LP)

**LP protects**

- Confidential communications
- Between a lawyer and his client or between either of them and a third party
- Made for the dominant purpose of seeking or obtaining legal advice or evidence in connection with the conduct of litigation
- Which is pending, reasonably in prospect or existing

‘Dominant purpose’ is a question of fact; where a document has a dual purposes one must be considered dominant

Litigation = adversarial proceedings; problematic if purpose was to avoid litigation

Not always easy to establish when litigation is ‘reasonably in prospect’ – not ‘a mere possibility’ but also doesn’t need to be likely (i.e. more than 50%)
**IP litigation – points of practice (1) - Experiments**

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**Ordinary Course of Business**
- Not privileged and must be disclosed if falling within disclosure obligations (either as documents or in PD)

**Pre-Litigation Experiments**
- If litigation is not reasonably in prospect or pending, communications regarding experiments will only be privileged if:
  - confidential;
  - between “lawyer” (incl. European / UK patent attorney) and “client”
  - for giving or receiving legal advice in a relevant legal context
  - “Client” is defined restrictively: must be responsible for seeking/receiving advice
- Example: scientist responsible for seeking/receiving patentability advice (“client”) communicates results to in-house patent attorney (“lawyer”) in patentability context = privileged

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**Litigation Experiments**
- Privileged if litigation is reasonably in prospect or pending
- Privilege in underlying “work-up” experiments waived by serving Notice of Experiments
- Anticipation / obviousness experiments: no substantive communication between lawyer and expert / lab on experimental conduct. Good practice to send briefing note establishing this
Patent attorneys

- Legal professional privilege (LPP) – which includes both LAP and LP – extends to all client / patent attorney communications relating to the protection of any invention, design, technical information or trade mark (s280 Copyright, Designs and Patents Act 1988)
- Privilege only applies to patent attorneys registered in the UK or who appear on the European list maintained by the EPO
- Communications between English lawyers and patent attorneys instructed by the same client will be covered by LAP or LP as above

Foreign lawyers

- Communications between English and foreign lawyers are covered by LPP so long as they are qualified to practise by their relevant national regulatory body
- This is irrespective of how a document is treated under the foreign law

Experts

- LAP does not apply to communications with third party experts, so restrictions with experts should be limited until LP applies
Privilege in civil law jurisdictions
Overview of ‘privilege’ in civil law jurisdictions

- There is no concept of general disclosure or privilege as such in most continental European countries.
- Parties select which documents they wish to disclose and tend to not disclose those which could harm their case.
- The national court can order specific disclosure of individual documents but this is rare.
- Legal communications are protected from specific disclosure by way of rules on confidentiality / professional secrecy (as opposed to privilege).
- These usually cover communications between legal professionals and other parties made within the context of the lawyer’s profession (no limitation based on legal advice and/or litigation).

Europe-wide provisions?
- Art 153 of the Implementing Regulations of the EPC provides that there is attorney-client privilege for communications between European patent attorneys and their clients / other parties to the extent of prosecution and opposition proceedings in front of the EPO.
France - overview

Disclosure obligations

- Generally parties can choose which documents to disclose (Art 9 of Civil Procedure Code)
- However, a party can seek forced disclosure of specific and identified documents (Arts 138-142 of Civil Procedure Code)
- Requests for disclosure are rarely made and granted in practice due to need to identify specific documents and prove other party’s possession

Grounds for refusing disclosure

- ‘Legal confidentiality’ (covers communications between a lawyer and client)
- This applies to all professional communications between these parties (regardless of (i) legal advice; (ii) litigation)
- ‘Legitimate obstacle’ (court may refuse to order disclosure of a document which is (e.g.) very commercially sensitive)

Protecting confidential disclosed documents

- No formal mechanism to (e.g.) protect dissemination of confidential documents disclosed in litigation, but some cases have allowed for a confidentiality club
## France – confidential communications?

| In-house lawyers                        | - Communications between external lawyers and in-house counsel are covered by legal confidentiality  
|                                       | - Communications between client and in-house counsel (who are not members of the French Bar) will not be covered by legal confidentiality |
| Patent attorneys                      | - Communications between external lawyers and French patent attorneys are confidential |
| Third parties (e.g. technical experts) | - Communications between client / external lawyer and third party are not considered confidential |
| Foreign (or other) lawyers             | - Communications between French lawyers are confidential  
|                                       | - Communications between French lawyers and EU lawyers are confidential (provided they are marked ‘confidential’ or ‘without prejudice’).  
|                                       | - Communications between French lawyers and (e.g.) US lawyers will be confidential so long as the French lawyer is satisfied there are sufficient confidentiality rules in place in the US (Article 3.4 of French Bar Code) |
Germany - overview

Disclosure obligations

• Parties can choose which documents to disclose and on which they rely – principle of ‘production of evidence’
• Party may claim (or court may choose to order) surrender/production of particular documents (s421 / 142 of Code of Civil Procedure)
• Court very rarely orders a party to disclose adverse documents

Grounds for refusing disclosure

• Court cannot order production of a document (based on request from other side) if it falls under professional secrecy obligation (s43a(2) of Federal Attorney Regulation), which covers a lawyer and their client
• This applies to any information that comes to the lawyer within their professional practice (regardless of litigation / legal advice)
• Court will consider confidentiality when deciding whether to order production of a document on its own initiative or at the request of a party
• Correspondence and private notes cannot be seized if they relate to a client’s defence, no matter whose possession they are in (effective right of defence)

Protecting confidential disclosed documents

• Special provisions for patent infringement claims – court decides whether, once independent expert has inspected the accused product / method, the accused party can see their opinion
• Court generally does not allow court file to be open to the public in patent / trade mark infringement proceedings
## Germany – confidential communications?

| In-house lawyers | - Communications between external lawyers and in-house counsel are covered by professional secrecy obligation (PSO) (very broadly construed)  
|                  | - Communications between client and in-house counsel (who are not members of the German Bar) will not be covered by PSO |
| Patent attorneys | - PSO will apply to communications between client / external lawyers and national / European patent attorneys (acting in Germany) |
| Third parties (e.g. technical experts) | - Communications (about client matter) between external lawyers and third parties covered by PSO  
|                  | - Communications between client and third parties not covered by PSO |
| Foreign (or other) lawyers | - Communications between German lawyers and foreign lawyers covered by PSO  
|                          | - Communications between client and foreign lawyer covered by PSO but only if the foreign lawyer is acting / admitted in Germany |
• Parties free to decide what documents to disclose
• However, the court may order a party to disclose an identified document which is essential to ascertaining a disputed fact (Arts 210 and 213 of Civil Procedure Code)
• In IP cases, the court can order the disclosure of documents which a party has convincingly shown are in the other party’s possession and are relevant to the case (Art 121(2) of IP Code)

• Lawyer / client communications are ‘secret’ (Art 118 Civil Procedure Code / Art 200 of Criminal Procedure Code) (CCPCs) and court cannot order inspection of such docs
• Such communications must come out of lawyer-client relationship and need to relate to legal advice or litigation. Privilege will not cover communications concerning business assessment/decisions, as well as any communication constituting corpus delicti / body of evidence
• Party can refuse to comply with a disclosure order without formal sanction but adverse inferences may be drawn (Art 116 CPC)

• Courts adopt appropriate measures to protect confidential information’ when issuing orders for disclosure or in dealing with disclosed documents (Art 121(3) of IP Code)
• In practice, judges may allow for confidentiality club in respect of (e.g.) one party’s confidential information
### Italy – confidential communications?

<table>
<thead>
<tr>
<th>In-house lawyers</th>
<th>Communications between external lawyers and an in-house lawyer (as an employee of the client) should be considered secret under the CCPCs</th>
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<tbody>
<tr>
<td>Patent attorneys</td>
<td>Arguable that communications between external lawyers and third parties (such as experts) / patent attorneys are covered by the secrecy provisions provided (i) any lawyer (Italian or foreign) is involved in the communications; and (ii) the communication is made in the lawyer’s professional capacity</td>
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</tbody>
</table>
| Third parties (e.g. technical experts) | - Once an external technical expert has been appointed in the framework of litigation, their communications with others will be ‘secret’ under the CCPCs  
- Communications between client and third party are not secret unless third party is a technical expert who has been appointed in a litigation context.  
- It is unknown whether this also applies to communications between a patent attorney and a client. |
| Foreign (or other) lawyers | - It is arguable that foreign lawyers’ communications are also ‘secret’ within the meaning of the CCPCs, so long as they are made in the foreign lawyer’s professional capacity |
Netherlands - overview

Disclosure obligations

- Parties can disclose documents at own discretion but must give a full and truthful account of the facts (s21 of Civil Procedure Code).
- Court can order a party (at its own initiative or at a party’s request) to disclose documents (s22).
- In limited cases, court will order a party to disclose a document at the other party’s request, but contingent on (i) legitimate interest; (ii) identification of specific document; and (iii) document must relate to relevant legal relationship (s843a).

Grounds for refusing disclosure

- Attorney-client privilege covers attorney/client communications made in the lawyer’s professional capacity.
- Whether this is legal advice specifically or in the context of litigation is not relevant.
- A party can refuse to disclose a document but the court can draw adverse inferences from this (in the absence of evidence of compelling reasons for refusal).

Protecting confidential disclosed documents

- The court can order a party to keep certain information confidential, or to have the hearing held behind closed doors, at the request of a party or on its own initiative (s27 and s29).
- The court’s written decision can be made anonymous to protect sensitive company information.
## Netherlands – confidential communications?

<table>
<thead>
<tr>
<th>In-house lawyers</th>
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<tbody>
<tr>
<td>- Communications between external and in-house lawyers privileged (based on lawyer’s assessment)</td>
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<tr>
<td>- Communications between client and in-house lawyers are privileged if they are admitted to the bar</td>
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<tr>
<th>Patent attorneys</th>
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<tbody>
<tr>
<td>- External lawyer / patent attorney communications privileged</td>
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<tr>
<td>- Unsure whether client / patent attorney communications covered by attorney-client privilege</td>
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<tr>
<th>Third parties (e.g. technical experts)</th>
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<tbody>
<tr>
<td>- Information passed between external lawyer and third party in the course of a matter is privileged</td>
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<tr>
<td>- Client / third party communications not privileged</td>
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<tr>
<th>Foreign (or other) lawyers</th>
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<tbody>
<tr>
<td>- Information passed between external lawyer and foreign lawyer is privileged</td>
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<tr>
<td>- Communications between a foreign lawyer and a Dutch client / technical expert could be privileged, if a Dutch court finds the relevant foreign rules on attorney-client privilege to be acceptable in light of the Dutch rules (s165(2)(b) of Code of Civil Procedure).</td>
</tr>
</tbody>
</table>
Spain - overview

Disclosure obligations
- Party can choose to disclose whichever documents it wishes to defend its position
- However, parties can seek forced disclosure of documents from the other party or from a third party so long as they justify the relevance of those documents and identify them specifically (Arts 328 and 330 Civil Procedure Act)

Grounds for refusing disclosure
- The court will consider whether the refusal to comply with a specific disclosure order is justified (e.g. if the document is subject to an obligation of professional secrecy, like lawyer/client communications)
- Professional secrecy obligations apply irrespective of whether document contain legal advice or is in the context of litigation
- If court finds refusal unjustified, it can (1) rely on a simple copy of that document or on the version which the party requesting the document's disclosure may have submitted about its contents, or (2) order that it be disclosed

Protecting confidential disclosed documents
- Correspondence between lawyers cannot be filed at court without the lawyers' prior consent
- Court can issue orders on the confidentiality of certain documents (e.g. allowing only independent experts to view them).
- Court has specific power to do this in certain patent actions (pre-trial examination, surprise inspections, and measures to ensure evidence)
## Spain – confidential communications?

| In-house lawyers | - In-house lawyers should in principle be subject to obligations of professional secrecy. Therefore, communications between a client (or external lawyer) and an in-house lawyer should be confidential (to the extent they relate to legal matters)  
- In antitrust matters, communications between an in-house lawyer and the client may not be considered confidential by the court (given the lack of an independent relationship) (*see Akzo case later*). The application of this case law could possibly extend beyond antitrust matters. |
| Patent attorneys | - It is considered that communications between a Spanish external lawyer and a (i) Spanish patent attorney; (ii) third party, (e.g.) external technical expert; or (iii) foreign lawyer would be covered the obligation of professional secrecy, so long as they were made as a consequence of the Spanish external lawyer’s professional activity. |
| Third parties (e.g. technical experts) | |
| Foreign (or other) lawyers | |
Privilege and competition cases

- In *Akzo Nobel Chemical v Commission* (C-550/07P, 2010), the ECJ found that in-house lawyer – client communications cannot be privileged in EU competition cases, given their lack of sufficient independence from their employer.
- This applies to European Commission investigations, but also to cases involving FRAND.
- National courts have had varied responses: (e.g.) resistance from Belgian and Dutch courts.
- Points for practice for EC investigations:
  - Medium for in-house lawyers’ advice and communications on competition matters to be considered carefully (e.g. oral vs. written).
  - External lawyer communications to be clearly marked as such to avoid confusion.
- **BUT** NB *Akzo Nobel* does not change the position under national law in countries where in-house lawyers benefit from LPP (e.g. a national-only competition investigation). At the start of an investigation, lawyers should determine which rules apply.
Privilege (if any) in Other Regions

(The views expressed are not to be imputed to any company or client)
DIFFERENT JUDICIAL SYSTEMS AROUND THE WORLD

INTERNATIONAL PRIVILEGE: DIFFERENT APPROACHES

- Nearly all countries recognize some form of protection for attorney-client communications.
- In common law countries like England, the “privilege” is normally based on case law.
- In civil law countries, like China, the privilege is typically embodied in statues.
- “Privileged Person” varies:
  - Common law countries generally view in-house counsel as “privileged person”.
  - Civil law countries generally do not.
- Exceptions for gov’t investigations.
- Who possesses documents often is relevant.

As discovery/disclosure expands globally, privilege issues likely to get more complex.

Privilege for in-house counsel is unsettled in many countries . . . and government enforcers often are skeptical.
OVERVIEW OF PRIVILEGE IN CHINA

Privilege
• There is no equivalent of U.S. privilege law in China

Discovery
• No US-like discovery in China
• General requirement for litigants to collect and produce their own evidence

Duty of Confidentiality
• However, the Law of the People’s Republic of China (“Lawyers Law”) does recognize a confidentiality obligation
• Exceptions apply (see next slide)

Combined effect:
Privilege-like in that an attorney’s communications with his/her client are generally not obligated to be disclosed.
CHINA’S LAWYERS LAW: DUTY OF CONFIDENTIALITY

The Duty of Confidentiality*

* PRC Lawyers Law, Article 38.

• Lawyers shall not disclose information that they come to know during the course of representing their clients.
  • Exceptions include:
    • Facts / information that the client or other party is about to or is undertaking a crime that threatens security or safety.
    • Client agrees to disclose the information.
    • Disclosure is required by regulatory authorities in administrative investigations
    • Disclosure is required by judicial authorities in a civil litigation proceeding – rare in practice

What kind of “information”

• No distinction between legal and non-legal communications between a lawyer and his/her client.

In-house vs. Outside Counsel

• Attorneys (including patent attorneys) in China must work in a law firm / patent firm in order for this Duty of Confidentiality to apply.
• In China, in-house counsel are considered to be employees of the company, and while they may have a certificate showing they are qualified to practice law in China, they are not governed by the bar association or patent attorney association.
Practical Tips for International Privilege

• Be careful about what you write, even when you expect privilege to apply
  • Ensure internal documents accurately reflect the positive “story” of a matter
• Understand which country’s privilege rules apply
• Use external counsel licensed in the jurisdiction at issue
• Make sure clients aren’t overconfident that privilege applies (e.g., expats)
• Consider where to store sensitive documents (outside counsel offices?) and limit access
• Be careful when forwarding advice from external counsel (avoid “ad libbing”)
• Always keep in mind the “dominant purpose” of the lawyer’s role . . . particularly for internal audits/investigation and compliance
• Don’t turn company lawyers into witnesses
• Avoid waivers
Preserving Attorney Client Privilege When Your Clients Go Global

Hypothetical Scenarios
20 April 2018
Background

– Genius Innovations (“GI”), which is headquartered in the US, has a patent covering a process of manufacture. It has been concerned about the validity of its patent (in light of a particular prior art process of manufacture) and that third parties may seek to launch infringing products and challenge the validity of the patent. GI has corresponding patents in the UK, France, and China, and has hired outside counsel in each of these jurisdictions to prepare for potential infringement / validity litigation.

– Carbon Copies (“CC”) has launched an infringing product in the US, and GI believes it is intending to launch the same product in the UK and France. GI sues CC for patent infringement in the US. The US litigation is at the discovery stage and CC requests wide ranging production of documents by GI including those concerning foreign patents corresponding to the US patents in issue.
Scenario 1 – Non-US Outside Counsel and translators

– GI’s in-house US patent counsel, admitted to the Californian bar, has discussed the technical background and potentially infringing product with: (i) third party experts; and (ii) a former in-house scientist (who worked at GI while the patented process was developed). GI’s in-house US patent counsel forwards documents summarising the discussions and emails with the experts and former employee to GI’s European and Chinese outside counsel.

– GI’s French and UK outside counsel replies to GI’s in-house US patent counsel with their thoughts on how these discussions would affect infringement arguments in future French and UK proceedings.

– GI’s Chinese outside counsel is separately asked to do an evaluation of the validity of the Chinese patent. An interpreter is given the evaluation report, translates it (making some amendments), and transmits it to GI’s in-house patent counsel. Following launch of an infringing product in China, GI issues patent infringement proceedings in China against CC’s Chinese subsidiary.
Scenario 2 – M&A due diligence & competition investigations

– Tech Giant (“TG”), a US company, has agreed to acquire GI subject to due diligence. TG and GI are each working with external counsel on the acquisition (Smith LLC and Cook LLC, respectively); GI also obtains external competition law advice on the deal from its UK external counsel.

– GI’s in-house patent counsel is in discussions with TG’s in-house patent counsel about the on-going US litigation (and the potentially upcoming UK and French litigation) as well as its patent portfolio. GI in-house counsel has offered any information to assist TG’s diligence including GI’s Chinese outside counsel’s report on GI’s Chinese patent. Given the relative market shares of TG and GI, clearance by authorities of the transaction is likely.

– CC seeks discovery from GI in the US proceedings of all communications between: (i) TG and GI’s in-house counsel; (ii) TG and GI’s external counsel; and (iii) GI and GI’s external counsel.
Scenario 2 – M&A due diligence & competition investigations (cont.)

– The European Commission instigates a merger control review of the transaction, given the market power and size of TG and GI.

– The European Commission contacts GI and demands to see all communications between: (i) TG and GI’s in-house counsel; (ii) TG and GI’s external counsel; and (iii) GI and GI’s external counsel.

– The FTC also instigates a parallel review of the merger and demands to see the same communications.
Scenario 3 – Patent Valuation

GI’s UK outside counsel hire a firm to value GI’s UK patent, to assist the business and also to assist the development of valuation arguments in the UK litigation. The valuation firm prepare a valuation report which is sent to GI’s UK outside counsel who forward it to GI’s in-house US patent counsel and to GI’s auditing firm.