sideBAR

Spring 2002 • Published by the Federal Litigation Section of the Federal Bar Association • Vol. 3 No. 2

# Opening Statements

## *Message from the Editor*

**John F. "Joe" Perry**

Discovery is a powerful weapon in a civil litigator's arsenal. Properly used, it can win the case. I recently had a case where I defended a brokerage house against a claim for damages brought by a doctor who claimed that three promissory notes that defendant's agent gave him were securities. At his deposition, I asked the doctor how were the notes given to him. He replied that they were an afterthought, that he felt he needed some documentation of the loan to the agent so he asked the agent. At that point I had gained crucial information that there was no "sale" of securities and I was successful on summary judgment. Plan your discovery carefully and you will be rewarded. Please send me your war stories on discovery. I suspect that I could devote a whole issue to the topic.

I have not engaged, however, in electronic discovery and am looking forward to that day, I think! Speaking of electronic discovery, have you seen Alan's production shot on location in Mecklenburg County? Hopefully your chapter has used the materials that were sent for the seminar. It is excellent.

There are several articles in this edition devoted to or tangentially related to discovery. I hope that you find them useful and thought provoking.

## *Inside*



## *Message from the Section Chair*

**Alan F. Blakley**

I have read a great many volumes about Germany during the Nazi period. For one thing, I am of German extraction, for another, I find it fascinating that the German people could condone the monstrous behavior of that era. Therefore, when I hear the word "collaborator," it brings connotations of a weakling (perhaps part of the French Vichy "government") refusing to stand up to a more powerful presence.

It is that history that I have overcome in telling you that I am now a confirmed collaborator. Through collaboration with the Federal Judicial Center and a local bar association in North Carolina (who'd have imagined), we've produced the *Electronic Discovery* materials. We could never have done this alone. Everyone did his or her part: Mecklenburg County arranged production and facilities (that bar's professional staff is amazing); Federal Judicial Center provided content assistance (FBA member Ken Withers of the FJC is amazing); we provided supervision and collaborated. It was a tough job, but someone had to be there to say "Good job, what do you need to do next?"

By providing complimentary copies of the material to all chief judges of all district courts and all circuit courts throughout the federal system (yes, even to Guam) and to all chapters, we hope to collaborate with the chapters and courts to educate lawyers and judges in this important topic. By the way, individuals can order the materials from www.meckbar.org/continueed/ce_order program.cfm.

We collaborated with another bar association to produce a daylong symposium on April 4, 2002, in Seattle on the history and future of court -annexed ADR. Again, something we could not do on our own. We hope in the future to involve the new ADR Section in such collaborations. [Didn't you predict that once we started collaborating we'd try to make other people into collaborators. What are we coming to?]

We've begun discussions with the Criminal Law Section in an attempt to make them into collaborators to produce a "sequel" to *Electronic Discovery* focused on the rules of evidence and rules of procedure (both civil and criminal). We hope to produce another book, DVD of courtroom vignettes and discussion guide in collaboration with them and with our co-collaborators in Mecklenburg County. I fear that our role may be expanded in

***Message continued on next page***

*Message continued from previous page*

this next project. The others may want us to do a little more than continue to say "Good job, what do you need to do next?" Oh well, no one said collaboration would always be easy.

We are also collaborating with *The Federal Lawyer* editorial board to produce a symposium issue on electronic information. We've arranged for some of the leading experts in the country to write short articles and *The Federal Lawyer* will publish them. Then, we're publishing longer versions in a book entitled *Electronic Information: Its Life Cycle: A Legal Perspective* that will be out before the Dallas Convention. Watch for announcements.

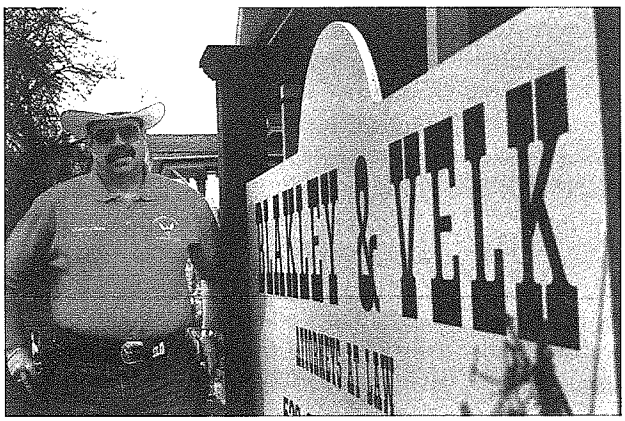
Let's collaborate. Let me, or any member of the section leadership, know what we can do to serve you, our customers — we stand ready for more collaboration.

********

# MEMBER PROFILES

## *An intimate look at the people who make up our section*

### *Alan F. Blakley*




**Employer:** Blakley & Velk

**Birthplace:** Cincinnati, Ohio

**Family:** Ubiquitous

**Pets:** See Peeves below

**First Job:** Delivering roses for a wholesale florist

**Biggest professional challenge overcome:** Having a Montana address

**Biggest professional challenge ahead:** Keeping a Montana address

**Biggest regret:** I had to leave Berlin for the United States three days before the fall of the wall – I couldn't be there for the all night celebration of tearing it down.

**Pet peeve:** Not enough space, but here are a few: drivers who don't use turn signals; split infinitives; being asked "who's calling" by receptionists (you don't want to hear my thoughts on being asked "will (he/she) know what this call is regarding"; the pronunciation of Secretary Powell's first name like a body part; irrational airport security; mispronunciation of "envoy." Need I go on?

**Sports/Hobbies:** cross-country skiing, horse racing, travel, hiking, opera, collecting art

**Practice area:** civil rights, class actions, computer/high tech law

**Most interesting case:** *Gillespie v. Reich*, the Job Corps class action. In 1993, to prove to critics that the Job Corps works, Secretary of Labor Reich decided to select, randomly, 6,000 students who had applied for and been accepted into the Job Corps, place them in a "control group" – that is, deny them services – and pay Mathematica, Inc. a fortune to monitor their failure. I found that offensive and figured out a way to remedy the situation. The case was featured in Mother Jones, January/February 1999.

**Future plans:** To become a past president of the FBA then open a combination used book store/art gallery in Missoula.

**Last book read:** *Theodore Rex* by Edmund Morris

**Things usually found in my refrigerator:** lettuce, orange sherbet, Maker's Mark Bourbon Balls

*Sidebar* is published quarterly by the Federal Litigation Section of the Federal Bar Association. The views expressed herein do not necessarily represent those of the FBA. Send any and all articles or other contributions you may have to: John F. Perry at Springer Bush & Perry, 15th Floor, 2 Gateway Center, Pittsburgh, PA 15222, (412) 281-4900 or e-mail at joepa@springerlaw.com.

# FOOD FOR THOUGHT

## *Creating Marketable eCommerce Patents*

**By Jeffrey R. Kuester**

As dot-coms become dot-compost, IP may be their last remaining asset. While trademarks of a failed business generally have little value, and copyright law still offers little protection for software, patent rights are more likely to hold their value.

Furthermore, as "bricks & clicks" businesses figure out new ways to use the Internet to sell their conventional products and services, they will work to protect their IP in ways that it can be licensed to others in different markets. For eCommerce, this requires going beyond the traditional rules for creating strong patents.

### *Priceline v. Microsoft*

One famous example of a recent eCommerce patent license resulted from the settlement between Priceline and Microsoft regarding Priceline's name-your-own-price business model. In October 1999, Priceline sued Expedia and its parent company, Microsoft, for infringement of U.S. Patent No. 5,794,207, "Method and Apparatus for a Cryptographically Assisted Network System Designed to Facilitate Buyer-Driven Conditional Purchase Offers."

On Jan. 9, Microsoft agreed to pay royalties to Priceline to settle the dispute. While the terms of the settlement were not disclosed, both parties stated that it would not have a material impact on their businesses. There are several lessons to be gleaned from this case.

### *Lessons*

First, the patent system is still working, even in cyberspace. While the e-patent pundits suggested that the sky would soon fall under the weight of bogus business method patents, the Priceline settlement is an example of the patent system working as it always has. If the Priceline patent was clearly invalid, it is less likely that a corporation the size of Microsoft would have agreed to pay anything. Instead, the parties behaved normally, implying that the system worked.

Second, this settlement also serves as an example of a conventional licensing strategy: attract early participants with a lower rate to boost the ultimate success of the licensing program. If Priceline had asked for too much, it could have faced an invalidity fight that might have destroyed the asset, like the one being waged against another famous eCommerce patent, the one-click patent owned by Amazon.com, U.S. Patent No. 5,960,411. (After a trial court granted a preliminary injunction against Barnes & Noble in a suit brought in October 1999, the Federal Circuit on February 14 held that Barnes & Noble had "mounted a substantial challenge to the validity of the patent" and that Amazon was not entitled to the injunction. Thus, Amazon is now facing the invalidity fight that Priceline avoided.)

Third, the Priceline patent was written with an eye towards marketing it. For example, the claim was written so that infringement would not be obscured by technical intricacies:

1. A method for using a computer to facilitate a transaction between a buyer and at least one of sellers, comprising:

inputting into the computer a conditional purchase offer which includes an offer price; inputting into the computer a payment identifier specifying a credit card account, the payment identifier being associated with the conditional purchase offer; outputting the conditional purchase offer to the plurality of sellers after receiving the payment identifier; inputting into the computer an acceptance from a seller, the acceptance being responsive to the conditional purchase offer; and providing a payment to the seller by using the payment identifier.

The steps of this claim are lucid and can be readily detected in a potential licensee's system. By looking at the Expedia web pages themselves, Priceline was able detect and then argue that each of the claimed steps was performed by the Expedia system.

For patents that lack such easily detectable elements, technical experts are often used to determine whether a claim element is present. For example, variable names and script titles in web page code, as well as URLs that are generated by hyperlinks or that perform actions on web pages, can provide evidence of infringement. By keeping these types of indicators in mind, a skilled e-patent attorney is better able to draft strong claims for eCommerce patents.

### *Claiming Tips*

The American Inventors Protection Act created a defense to infringement for any claim directed to a method of doing business. While the act did not define such methods, one way to help avoid the defense is to not include business terminology in the claims, title, abstract and specification. The object is to prevent the PTO from classifying the application as being in class 705, the business methods class.

eCommerce claims can also be written in alternative formats, including actually claiming the web page itself — as data stored on a recordable medium. While these types of claims push the envelope of statutory subject matter, they have been accepted by the PTO and can substantially increase the number of potential infringers, possibly even off-shore Web sites. Take care, however, to write the claims to show the functionality of the claimed data.

In conclusion, if a patent portfolio is the only thing left standing when a dot-com is dot-gone, strong patents can generate revenue into the future. However, while strong patents in all areas of technology share certain characteristics (like breadth and validity), strongly marketable eCommerce patents require specialized attention.

*Jeffrey R. Kuester (jeff@kuesterlaw.com) is a partner with the patent, copyright and trademark law firm of Thomas, Kayden, Horstemeyer & Risley, LLP (www.tkhr.com) in Atlanta, Ga.* *This article was originally published in the March 2001 issue of* Patent Strategy & Management, *Vol. 1, No. 11, p. 7. It is reprinted here with the author's permission.*

*Sidebar*

# More Food for Thought

## *Attorney-Client Privilege*

The attorney-client privilege, which originated in Roman and canon law, "is the oldest of the privileges for confidential communications known to the common law." *Upjohn Co. v. U.S.*, 449 U.S. 383, 389 (1981). Its purpose is "to encourage full and frank communications between attorneys and their clients," and it exists to protect "not only the giving of professional advice to those who can act on it but also the giving of information to the lawyer to enable him to give sound and informed advice." Id. at 389-91. The Court also said, "the privilege recognizes that sound legal advice or advocacy serves public ends and that such advice or advocacy depends upon the lawyer's being fully informed by the client." Id. at 389, and in *Hunt v. Blackburn*, 128 U.S. 464, 470 (1888) it explained that the privilege is "founded upon the necessity, in the interest and administration of justice, of the aid of persons having knowledge of the law and skilled in its practice, which assistance can only be safely and readily availed of when free from the consequences or the apprehension of disclosure."

### *Basic Rules Regarding Attorney-Client Privilege*

First, the attorney-client privilege protects confidential communications between an attorney and his or her client "made for the purpose of furnishing or obtaining professional legal advice and assistance." *In re LTV Securities Litigation*, 89 F.R.D. 595, 600 (N.D. Tex. 1981). The privilege applies in both directions: to communications from the client to the attorney, and to communications from the attorney to the client. *Schwimmer v. U.S.*, 232 F.2d 855 (8th Cir.), cert. denied, 352 U.S. 833 (1956); *Green v. IRS*, 556 F. Supp. 79, 85 (N.D. Ind. 1982), afford without op., 734 F.2d 18 (7th Cir. 1984).

It applies with equal force to conversations and correspondence among a client's attorneys, whether or not the client is present during the conversation or receives a copy of the correspondence. See, *e.g.*, *Nattav. Zletz*, 418 F.2d 633, 637 (7th Cir. 1969) (correspondence between house and outside counsel fall within the privilege); *Chicano Lawyers Committee v. City of Chicago*, No. 76 C 1982, slip. op. (N.D. Ill. Apr. 1981) (privilege extends to meeting between "attorneys discussing the giving of legal advice or assistance in anticipation of pending litigation"); Green, 556 F. Supp. at 85 (privilege applies equally to inter-attorney communications); *Foseco Int'l Ltd. v. Fireline Inc.*, 546 F. Supp. 22, 25 (N.D. Ohio 1982) (communications between patent counsel and local counsel were confidential and, therefore, subject to the privilege); *In re D.H. Overmyer Telecasting Co.*, 470 F .Supp. 1250, 1254-55 (S.D. N.Y. 1979) (conversations between in-house and outside counsel protected by privilege); *Burlington Inc. v. Exxon Corp.*, 65 F.R.D. 26, 36 (D.Md. 1974) (confidential communications between in-house and outside counsel, as well as between two outside lawyers representing the same client, fall within scope of privilege).

Second, what is protected by the privilege is the communications themselves within the confidential setting. "The protection of the privilege extends only to communications and not to facts." *Upjohn* at 395 (quoting *Philadelphia v. Westinghouse Electric Corp.*, 205 F. Supp. 830, 831 (E.D.Pa. 1962)), and investigators are free to question individuals who communicate with counsel about unprivileged facts known to them. But arguments that the information may more conveniently be obtained from the privileged communication are unavailing because "such considerations of convenience do not overcome the policies served by the attorney-client privilege." *Id.* at 396. For this reason, even if the information discussed is in the public domain, the fact of communicating about it with or among counsel is privileged. In *Lehman v. Superior Court*, 81 Cal. App. 3d 90 (1978), for example, the court explained, "if the client discloses certain facts to a third person and subsequently advises his lawyer of those same facts in the form of a confidential communication, there has been no waiver since, obviously, the client has not disclosed to the third person the confidential communication to the attorney, *i.e.*, had not disclosed that certain information had been communicated to the attorney." Id. at 97. And by necessity, the privilege extends as well to written materials reflecting the substance of an attorney-client communication. See Green, 556 F. Supp. 85 (privilege applies to "an attorney's notes containing information derived from communications to him from a client. That information is entitled to the same degree of protections from disclosure as the actual communication itself."); accord Natta, 418 F.2d at 637 n.3 ("insofar as inter-attorney communications or an attorney's notes contain information which would otherwise be privileged as communications to him from a client, that information should be entitled to the same degree of protection from disclosure. To hold otherwise merely penalizes those attorneys who write or consult with additional counsel representing the same client for the same purposes As such it would make a mockery of both the privilege and the realities of current legal assistance"); *Smith v. MCI Telecommunications Corp.*, 124 F.R.D. 665, 687 (D. Kan. 1989).

Third, the attorney-client privilege also covers communications between agents of a client and the client's attorney, again, as long as the communication was intended to be confidential. "[I]f the purpose of the communication is to facilitate the rendering of legal services by the attorney, the privilege may also cover communications between the client and his attorneys representative, between the client's representative and the attorney, and between the attorney and his representative." *Golden Trade v. Lee Ansarel Co.*, 143 F.R.D. 514, 518 (S.D.N.Y. 1992). Courts define the term "agent" broadly to encompass a range of individuals, from expert consultants to relatives to insurance agents, whose presence is necessary to the purpose of the meeting and to the rendering of advice. See, e.g:, *Kevlick v. Goldstein*, 724 F.2d 844, 849 (lst Cir. 1984) (client's father); *U.S. v. Biros*, 459 F.2d 639, 643 (1st Cir.) (client's father), cert. denied sub nom., *Raimondi v. U.S.*, 409 U.S. 847 (1972); *Benedict v. Amaducci*, No. 92 Civ 5239 (KMW), 1995 U.S. Dist. LEXIS 573, 3-4 (S.D. N.Y.

Jan. 18, 1995) (consultant); *FosecoInt'l. v. Fireline Inc.*, 546 F. Supp. 22, 25 (N.D. Ohio 1982) (patent agent); *Miller v. Haulmark*, 104 F.R.D. 442, 445 i (E.D. Pa. 1984)(insurance agent); *Harkobusic v. General American*, 31 F.R.D. 264, 265 (W.D. Pa. 1962) (brother-in-law). Nor must the client be present at a meeting between his agents and his lawyer for the communications during the meeting to be protected by the attorney-client privilege. Thus, for example, in *Foseco*, 546 F. Supp. 22, the court held that a meeting between the plaintiff's patent agent and the plaintiff's lawyer fell within the scope of the attorney-client privilege, even though the plaintiff was not present at the meeting. As the court explained, "these communications are in essence communications between the client and the client's attorney." The British patent agent acted at the direction and control of the plaintiff. Further, through the agency of its patent agent, the plaintiff sought from the U.S. patent counsel legal advice and assistance concerning a U.S. patent application proceeding. Had the communications been made between the plaintiff and its U.S. counsel, the privilege would have attached. The Court finds that, given the purpose of the attorney-client privilege to encourage full and frank communication between attorneys and their clients, the communications made between [plaintiff], through its patent agent, and its U.S. patent counsel are privileged. The communications involved in this case were made in furtherance of the rendition of professional legal services to the client and were reasonably necessary for adequate legal assistance. *Id.* at 26. See also *Benedict*, 1995 U.S. Dist. LEXIS 573, at 3-4 (Conversations between plaintiffs' counsel and consultant retained by plaintiffs to prepare them for prospect of litigation and assist with litigation "are protected by the privilege, because [the consultant] was acting as plaintiffs' representative during those consultations."); *Farmaceutisk Laboratorium v. Reid Rowell. Inc.*, 864 F. Supp. 1274 (N.D. Ga. 1994) (independent consultant was so meaningfully ; associated with corporation that it could be considered insider for purposes of privilege); *American Colloid Co. v. Old Republic Ins. Co.*, 1993 U.S. Dist LEXIS 7619, 2-3 (N.D. Ill. June 1993) (communications between plaintiff's agents and plaintiff's counsel are privileged); *Carte Blanche Ltd. v. Diners Club Inc.*, 1.30 FARAD. 28, 33 (S.D. N.Y. 1990) (correspondence between client's agent and client's counsel protected by attorney-client privilege), subsequent opinions rev'd on other Grounds, 2 F.3d 24 (2d Cir. 1993).

Fourth, the determination whether there exists an attorney-client relationship depends on the understanding of the client. "The professional relationship for purposes of the privilege hinges upon the belief that one is consulting a lawyer and his intention to seek legal advice. *Wylie v. Marley Co.*, 891 F.2d 1463, 1471 (10th Cir. 1989). Accordingly, the privilege applies to confidential communications between an individual and a person he reasonably believes to be his attorney, even if the attorney ultimately elects not to represent the client, and even if the attorney is not a member of the bar. See *U.S. v. Mullen*, 776 F. Supp. 620, 621 (D. Mass. 1991) ("the attorney-client privilege may apply to confidential communications made to an accountant when the client is under the mistaken, but reasonable, belief that the professional from whom legal advice is sought is in fact an attorney."); *U.S. v. Tyler*, 745 F. Supp. 423, 425-26 (W.D. Mich. 1990); *U.S. v. Boffa*, 513 F. Supp. 517, 523 (D. Del. 1981).

Finally, it is important to note that the attorney-client privilege affords absolute protection to privileged communications. As the Ninth Circuit explained in *Admiral Insurance Co. v. U.S. District Court*, 881 F.2d 1486 (9th Cir. 1989), "the principal difference between the attorney-client privilege and the work-product doctrine, in terms of the protections each provides, is that the privilege cannot be overcome by a showing of need, whereas a showing of need may justify discovery of an attorney's work product. Id. at 1494. The attorney-client privilege cannot be vitiated by a claim that the information sought is unavailable from any other source. Id. at 1495. "Such an exception would either destroy the privilege or render it so tenuous and uncertain that it would be little better than no privilege at all." Id. The privilege applies to confidential communications between government attorneys and their clients in the same manner in which it applies to communications between private counsel and their clients. See *Green*, 556 F. Supp. at 85 ("privilege unquestionably is applicable to the relationship between government attorneys and administrative personnel"); *SEC v. World-Wide Coin*, 92 F.R.D. 65, 67 (N.D. Ga. 1981) (privilege applied to communications between SEC lawyers and staff); *Jusiter Painting v. U.S.*, 8 F.R.D. 593, 598 (E.D. Pa. 1380) ("Courts generally have accepted that attorney-client privilege applies in the governmental context").

***Common Interest Privilege***

The "common interest" privilege enables counsel for clients with a common interest "to exchange privileged communications and attorney work product in order to adequately prepare a defense without waiving either privilege." *Haines v. Liggett Group Inc.*, 975 F.2d 81, 94 (3d Cir. 1992); see also *Walter v. Financial Corp. of America*, 828 F.2d 579, 583 n.7 (9th Cir. 1987) ("communications by a client to his own lawyer remain privileged when the lawyer subsequently shares them with co-defendants for purposes of a common defense") (quoting *U.S. v. McPartlin*, 595 F.2d 1321, 1326 (7th Cir. 1979), cert. denied, 444 U.S. 833 (1979)); In re Grand Jury Subpoena Duces Tecum Dated Nov. 16, 1974,406 F. Supp. 38l, 389 (S.D. N.Y. 1975) ("the attorney-client privilege covers communications to a prospective or actual co-defendant's attorney when those communications are engendered solely in the interests of a joint defense effort."). The privilege encompasses notes and memoranda of statements made at meetings among counsel and their clients with a common interest, as well as the statements themselves. In re Grand Jury Subpoena, 406 F. Supp.381, 384-94 (S.D. N.Y. 1975). The rationale for this well-accepted privilege is readily apparent: "Whether an action is ongoing or contemplated, whether the jointly interested persons are defendants or plaintiffs, and whether the litigation or potential litigation is civil or criminal, the rationale for the joint defense rule remains unchanged: persons who share a common interest in litigation should be able to communicate with theirrespective attorneys and with each other to more effectively prosecute or defend their claims." In re Grand Jury Subpoenas, 89-4, 902 F.2d244, 249 (4th Cir. 1990). See also 2 Stephen A. Saltzberg, et al., *Federal Rules of Evidence Manual*

***Food for Thought continued on next page***

599 (6th ed. 1994) ("In many cases it is necessary for clients to pool information in order to obtain effective representation. So, to encourage information-pooling, the common interest rule treats all involved attorneys and clients as a single attorney-client unit, at least insofar as a common interest is pursued.") Thus, the common interest privilege may be asserted with respect to communications among counsel for different parties if "(1) the disclosure is made due to actual or anticipated litigation or other adversarial proceedings; (2) for the purposes of furthering a common interest; and (3) the disclosure is made in a manner not inconsistent with maintaining confidentiality against adverse parties." *Holland v. Island Creek Corn.*, 885 F. Supp. 4, 6 (D. D.C. 1995); see also *U.S. v. Bav State Ambulance*, 874 F.2d 20, 28 (lst Cir. 1989); *In re Bevill, Bresler & Schulman*, 805 F.2d 120, 126 (3d Cir. 1986); *In re LTV Sec. Litig.*, 89 F.R.D. at 604. It is not necessary for actual litigation to have commenced at the time of the meeting for the privilege to be applicable. *U.S. v Schwimmer*, 892 F.2d 237, 244 (2d Cir. 1989), *cert. denied*, 502 U.S. 810 (1991). If these circumstances are present, the communications are protected. Indeed, the privilege covers communications not only among counsel for clients with common interests but also between an individual and an attorney for a different party with a common interest. See *Schwimmer* id. (it is not necessary for attorney representing the communicating party to be present when the communication is made to the other party's attorney); *McPartlin*, 595 F.2d at 1335 (applying common interest rule to communications between client and agent for attorney of person with common interest); *Saltzberg* at 600 ("The fact that clients are present at a consultation in the common interest certainly should not preclude the application of the common interest ruie, so long as the statements are otherwise intended to remain confidential and are made for purposesof obtaining legal advice in the common interest."). Of course, no two individuals or entities' interests will be totally congruent, and it is not necessary for every party's interest to be identical for the common interest privilege to apply; rather, the parties must have a "common purpose." *U.S. v. McPartlin*, 595 F.2d 1321, 1336-37 (7th Cir. 1979), cert. denied, 444 U.S. 833 (1979). The question my of whether the parties share a "common interest" "must be evaluated as of the time that the confidential information is disclosed." *Holland*, 885 F. Supp. at 6. While it is conceivable that that interest could diverge —indeed, that is one reason for separate counsel — the possibility of a future divergence in no respect undermines the privilege. And it is settled that private and government counsel may share a common interest. In *U.S. v. American Tel. & Tel. Co.*, 642 F.2d 1285, 1300-01 (D.C. Cir. 1980), for example, the court applied the "common interest" privilege to materials shared between a private company, MCI, and the government, and held that MCI did not waive the work-product privilege by sharing documents with the government in aid of a common purpose.

***Work Product Doctrine***

"The work product doctrine is an independent source of immunity from discovery, separate and distinct from the attorney-client privilege." *In re Grand Jury*, 106 F.R.D. 255, 257 (D. N.R. 1985). It is "broader than the attorney-client privilege; it protects materials prepared by the attorney, whether or not disclosed to the client, and it protects material prepared by agents for the attorney." *In re Grand Jury Proceedings*, 601 F.2d 162, 171 (5th Cir. 1979). Unlike the attorney-client privilege, which "is not limited to communications made in the context of litigation, or even a specific dispute," 617 F.2d 854, 862 (D.C. Cir. 1980) — and see *Flynn v. Church of Scientology Int'l*, 115 F.R.D. 1, 3 (D. Mass. 1986) ("one who consults a lawyer with a view to obtaining professional legal services from him is regarded as a client for purposes of the attorney-client privilege.") — the work-product doctrine "protects the work of the attorney done in preparation for litigation ..." *In re Grand Jury Proceedings*, 33 F.3d 342, 348 (4th Cir. 1994). However, litigation need only be contemplated at the time the work is performed for the doctrine to apply, see Holland, 885 F .Supp. at 7, and the term "litigation" is defined broadly to encompass the defense of administrative and other federal investigations. See *In re Grand Jury Proceedings*, 867 F.2d 539 (9th Cir. 1989) (applying doctrine in context of grand jury investigation); *In re Sealed Case*, 676 F.2d 793 (D.C. Cir. 1982) (applying doctrine to documents created by counsel rendering legal advice in connection with SEC and IRS investigations). As the Supreme Court observed in *Hickman v. Taylor*, 329 U.S. 495 (1947), the work-product doctrine is critical to a lawyer's ability to render professional services to his client: "it is essential that a lawyer work with a certain degree of privacy, free from unnecessary intrusion by opposing parties and their counsel. Proper preparation of a client's case demands that he assemble information, sift what he considers to be the relevant go from their relevant facts, prepare his legal theories and plan his strategy without undue and needless interference .... This work is reflected of course, be in interviews, statements, memoranda, correspondence, briefs, mental impressions, personal beliefs, and countless other tangible and intangible ways ... ." "Were such materials open to opposing counsel on mere demand, much of what is now put down in writing would remain unwritten. An attorney's thoughts, heretofore inviolate, would not be his own. Inefficiency, unfairness and sharp practices would inevitably develop in the giving of legal advice and in the preparation of cases for trial. The effect on the legal profession would be demoralizing. And the interests of the clients and the cause of justice would be poorly served." *Id.* at 510-11. Although "factual" work-product may be discoverable upon a showing of substantial need for the information sought, the protection afforded to "opinion" work-product — which reflects counsel's subjective beliefs, impressions, and strategies regarding a case — is nearly absolute. As the D.C. Circuit explained in *In re Sealed Case*, 676 F.2d 793, 809-10 (D.C. Cir. 1982), "to the extent that work product reveals the opinions, judgments, and thought processes of counsel, it receives some higher level of protection, and a party seeking discovery must show extraordinary justification." Accord *Upjohn*, 449 U.S. at 401 (opinion work product "cannot be disclosed simply on a showing of substantial need and inability to obtain the equivalent without undue hardship").

*Brought to you by the 'Lectric Law Library, the Net's Finest Legal Resource For Legal Pros & Laypeople Alike .http://www.lectlaw.com.*

**********

## *Proposed Changes to Rule 23 Consulting with Practicing Attorneys*

**By Russ M. Herman and Stephen J. Herman**

Large corporate defendants do not like class actions, because they allow injured consumers to litigate on an even playing field. Defense attorneys, and their clients, prefer to litigate in a piecemeal, case-by-case fashion, where plaintiffs and their attorneys are out-numbered and out-resourced 1,000 to one. To be sure, there have been some instances where improvident or opportunistic attorneys have taken advantage of the class action device, enriching themselves to the detriment of the class.[1] But one must be suspicious of alleged class action abuses by large companies that, themselves, have been the prime beneficiaries of the protections afforded by "coupon cases" or other potentially collusive settlement classes. And while there may be some legitimacy to the concern over the significant leverage that may arise from the certification of a class, it must be remembered that in most cases the defendant's exposure is ultimately the result, not of the procedural vehicle embodied in Rule 23 and class action provisions, but rather, results from its behavior and the high-speed global economy that magnifies and distributes the ill-effects of negligent or intentionally fraudulent conduct onto a wider and wider number of people. It is important, therefore, that any changes to Rule 23 be drafted, evaluated, and implemented, not from the point of view of corporate defendants and their lawyers, but with due and objective consideration of the interests of all aggrieved parties, the court system, and the public at large.

By and large, the current proposals to amend Federal Rules 23(c)-(h), scheduled to become effective on Dec. 1, 2003, appear well-suited to those ends.[2] The proposals on overlapping and competing class actions, by contrast, are clearly a defense-oriented series of amendments that would do a disservice not only to the interests of injured consumers, but also to the long-standing principles of comity among courts embodied in our system of federalism.

Taking the proposed amendments first, practitioners of both plaintiffs' class action work and traditional personal injury work welcome amendments which further the rights of absent class members to be informed of class action proceedings and to exercise intervention or opt-out rights in their best interests.

The proposed change to Rule 23(c)(1)(A) that a decision be made on class certification "at an early practical time" instead of "as soon as practical" is appropriate in light of the way that class action litigation has developed through the years. It is hoped that this change will reduce the common practice of bifurcating the discovery process into "class" and "merits" discovery — an arbitrary and highly subjective distinction, which often leads to unnecessary motion practice, duplicative discovery efforts, and the denial of materials prior to certification which would have been relevant to class certification. At the same time, it is hoped that district courts will not infer from this amendment that it is appropriate to extend the class certification period unnecessarily, particularly with regard to the recent trend by defendants to conduct extensive *Daubert* hearings at the certification stage. Though not specifically addressed in Federal Rule of Evidence 104, the suitability of class treatment would seem to be the type of preliminary determination that can be made by the district court absent the formalities associated with Rule 702. While it may be appropriate for the court to consider the underlying bases of any expert opinion offered on the suitability of class treatment, a full-blown *Daubert*-type hearing, *see Daubert v. Merrell Dow Pharmaceuticals*, 509 U.S. 579 (1993), particularly where discovery on the merits has not been completed, would be inappropriate and would infuse into the process needless expense and delay.

There is also some concern about the addition of Rule 23(g), which seems to encourage the use of actions or bids in the selection of class counsel. The Third Circuit Task Force's recent report[3] illustrates the various problems with selecting class counsel in this manner. It has been our experience that, in general, from the negotiation process that typically occurs among competing groups of plaintiffs' attorneys, putative classes of litigants come to be represented by a committee of various attorneys or groups of attorneys who each bring something to the table for the benefit of the class, (*e.g.* extensive experience in litigating the types of cases at issue, extensive class action experience, numerous clients who have been affected by the practice or product complained of, etc.). In addition, and of greatest concern, is that, in the event a "low bidder" underestimates the time and resources necessary to prosecute the case effectively, there will be a point of diminishing returns, after which class counsel might be tempted to cut losses, rather than vigorously fight for the class.

Another shortcoming of the proposed amendments is the absence of the provisions for a "settlement class." While typicality and adequacy requirements should be the same, perhaps even more rigorous, for a class that is being certified for settlement purposes, the predominance and manageability requirements largely, if not exclusively, concerned with how the claims are going to be adjudicated by the courts in the event that they are *not* settled become moot when the parties have agreed upon a method for resolving, (*i.e.* "managing"), the claims. As long as class members are afforded reasonable notice and an opportunity to opt out of the settlement, such a provision for settlement class certifications would be efficient for the courts, beneficial to the litigants, and consistent with the Supreme Court's decisions in *Ortiz v. Fibreboard*, 527 U.S. 815 (1999) and *Amchem Prod. v. Windsor*, 521 U.S. 591 (1997).

Turning to the proposals on overlapping and competing class actions, it is interesting to note that, while the Supreme Court continues to reestablish and advance states' rights, there is a

proposal effectively to repeal the Anti-Injunction Act and to "Federalize" all class actions.

Proposed Rule 23(c)(1)(D) would allow a court that refuses to certify or that decertifies a class to direct that no other court may certify a substantially similar class. In addition to rendering the state court system "subordinate" to the federal courts, the proposal would also turn *res judicata* law on its head, by making "final" interlocutory decisions which have always been defined as conditional orders subject to modification or reconsideration.

Proposed Rule 23(b)(3)(E) would require the court to consider "whether any other court has refused to certify a substantially similar class for reasons that continue to apply." On the surface, this would seem an appropriate factor for a district court to consider, (and, as a practical matter, is surely something that the district court considers in any case where such circumstances apply). But it is curious that a district court would not also be required to consider whether any other court has *certified* a substantially similar class. For example, in 1999, an industrial life insurance discrimination case was certified and successfully resolved by a district court in Tennessee. Now, virtually the same cases against other insurance companies are pending in a proceeding consolidated by the MDL Panel in the Eastern District of Louisiana. Why is there no suggestion in proposed Rule 23(b)(3) that the court, in such circumstances, consider the prior affirmative certification of these substantially similar claims? Most observers from the plaintiffs bar see this as a definite indication of anti-consumer bias in the proposed rule.

The proposed subsection on lawyer preclusion is particularly offensive. Interestingly, the proposal — which precludes any attorney who has directly or indirectly participated in a class action in which class certification or a proposed settlement was not approved from participating in another class action arising out of the same transactions or occurrences — would ostensibly apply to attorneys representing the defendants as well. (While there might be some merit in precluding a defense or plaintiff's attorney who has participated in an unethical and collusive settlement from appearing before the court in further related proceedings, the proposal as it stands advances no legitimate purpose.) It is clear that this provision is intended to punish and to deter plaintiffs' class action attorneys thereby reducing meritorious class actions, and the effective prosecution thereof.

This provision belies the oft repeated mantra that proposed changes are in part designed to make justice more efficient and less expensive, because it denies consumers, the injured, and other aggrieved parties experienced counsel and relegates consumer representation to the less knowledgeable.

The class actions which have arisen in the arena of tobacco litigation provide a suitable example of the ill-advisability of this proposed rule. When a nationwide class action was filed in 1994, there had been a trend toward wider certification of mass tort cases. Indeed, the district court initially certified a nationwide class of smokers on an addiction claim. After this certification was reversed by the Fifth Circuit, these same attorneys filed numerous different types of class actions, meeting various different responses by state and federal courts. Now, in somewhat of a "third wave" of class actions, more narrowly-tailored statewide medical monitoring, consumer fraud, and other cases are being certified, approved on appeal, and tried. As such litigation continues, the courts draw further guidance and experience about the problems and advantages of class treatment of tobacco-related claims. Would it be fair for a new set of plaintiffs attorneys to come along and take advantage of the seven years of work and millions of dollars expended by the pioneers of this litigation? And, more importantly, would that serve the interests of a putative plaintiff class?

Practitioners generally learn less from victories than they do from defeats. It is well-recognized, moreover, that class members are generally better served by class counsel who are experienced in the same type of litigation.

Curiously, the drafters note that it is necessary to reach indirect participation because otherwise it would be too easy for cooperating groups of lawyers to defeat preclusion by taking turns as identified counsel. What interest of the court system, the putative class members, or the public at large, is served by preventing cooperating groups of attorneys from handling cases in which they have familiarity and expertise? Should a rule deny consumers the representation of 30 consumer firms acting in concert, while having to face the equivalent number of lawyers acting in concert for the defense? How does this comport with the principles of substantial justice and fair play?

The rule is purely defense-oriented — requiring plaintiffs to reinvent the wheel with every new class action filing, while the defendants stand armed with a continuing and ever-expanding body of research, discovery, knowledge, and expertise.

Calling further attention to the lopsided defense-oriented nature of these proposals is the absence of any provision directed at one of the most significant problems in current class-action and multidistrict litigation procedure. District courts, particularly MDL transferee courts, persistently fail to consider in a timely fashion valid motions to remand. All too often, a state court action is removed, and, prior to a decision on remand, the case is transferred by the MDL panel or otherwise consolidated with an existing putative or certified class action in federal court. Despite the lack of federal jurisdiction over the lawsuit, defendants are often able to avoid litigating in state court, (including the potential for class certification in state court), by having the district court defer ruling on remand until the class certification of the federal court lawsuit is resolved. Effectively this accomplishes the same result as an injunction against parallel proceedings.

Interestingly, this can lead to somewhat inconsistent positions by the defendants. In several of the current MDL consolidations of cases, the defendants have moved to enjoin all state court proceedings, allegedly in aid of the district court's jurisdiction over a federal nationwide putative class. At the same time, however, the defendants argue that the nationwide classes cannot be certified. The current proposals assist the defendants efforts to delay and deny litigation in state courts, including appropriate statewide certification of classes. A better approach would be to amend 28 U.S.C. 1447 to require the district courts to remand any case for which there is no federal jurisdiction within 30 days of a timely motion and hearing.

The proposals need additional work. As they stand they do not advance justice for the parties or streamline the court system. Those who draft proposed rules must consult more with all litigators.

*The views expressed are those of the authors and not of the FBA.*

***Endnotes***

[1]Everyone remembers "coupon cases" where the consumer gets a coupon for a minimal discount on the purchase of another product while the company secures new sales and attorneys garner fees

[2]The proposed rules discussed in this article can be found at www.uscourts.gov/rules/newrules1.html.

[3]*See* www.ca3.uscourts.gov — Ed.



## *Federal Litigation Section Officers*

# FDR XVII An Oasis in the Desert

## The 2002 Federal Dispute Resolution Conference
## August 18-22, 2002
## Palm Springs, California

**FDR XVII features 4 days of training in dispute resolution with a CLE pre approved workshop track for federal attorneys:**

- Drafting Settlement Agreements
- Protection of Employee Dissent Under WPA
- Advanced Litigation Skills
- Mock Mediation for Attorneys
- Skills Your Law School Didn't Teach You (But Every Federal Attorney Should Know!)
- How to Represent Your Client Effectively in Arbitration
- Selected Topics in Professional Responsibility
- Hear it From the Bench

**REGISTER FOR FDR XVII TODAY!**
**Go to www.fdr-conference.org for details**

## Federal Bar Association Membership Application *Raising the Bar to New Heights*

**1. Please tell us about yourself** *(Please Print)*

First Name M.I. Last Name

Title

O Male O Female Date of Birth / /

**First Admission to Bar in U.S. (required, unless applying for law student or foreign associate status)**

Court State Bar Date

**Please supply both your business and home addresses below.**

**My preferred mailing address is O Business O Home**

**Business Address**

Firm/Agency

Address

Suite/Floor

City State Zip

( ) ( )
Phone Fax

E-mail

**Home Address**

Address Apt. #

City State Zip

( ) ( )
Phone Fax

**Practice Information**

*Type of Practice*

O Private O Military O Retired
O Government O Corporate O Judiciary

**2. FBA Annual Dues**

O **Member**
*Admitted to bar* ***5 years or more*** ..... $95

O **Member**
*Admitted to bar* ***fewer than 5 years*** ..... $50

O **Retired Member**
*Applicant is fully retired from the practice of law* $50

O **Foreign Associate**
*Admitted to practice law outside U.S.* ..... $95

Country Court/Administrative Tribunal

O **Law Student Associate**
*Currently enrolled at an accredited law school* ....$10

Law School Expected Date of Graduation

O **Sustaining Member – Optional** ..... $60
*This category is in addition to regular dues. It is used to support CLE programs and publications.*

**Dues Total** ..... **$** _____
*Please enter amount in line 4A of the Dues Worksheet.*

**3. Local Chapter Affiliation, Sections & Divisions**
*(Local chapter, section or division dues, if applicable, are listed. For a complete listing of chapters, sections and divisions, visit www.fedbar.org.)*

O *Federal Litigation Section* ..... $10

**Dues Total** ..... **$** _____
*Please enter amount in line 4B of the Dues Worksheet.*

**4. Dues Worksheet**

FBA Dues ..... **4A $** _____
Local Chapter, Section or Division Dues .. **4B $** _____
**Total Amount Enclosed** *(Add 4A, 4B)* ..... **$** _____

**5. Payment Information**

**Payment Options**

O Check payable to Federal Bar Association

Please charge my dues to

O VISA O MasterCard O Diners Club

Card No. Exp. Date

X
Signature Date

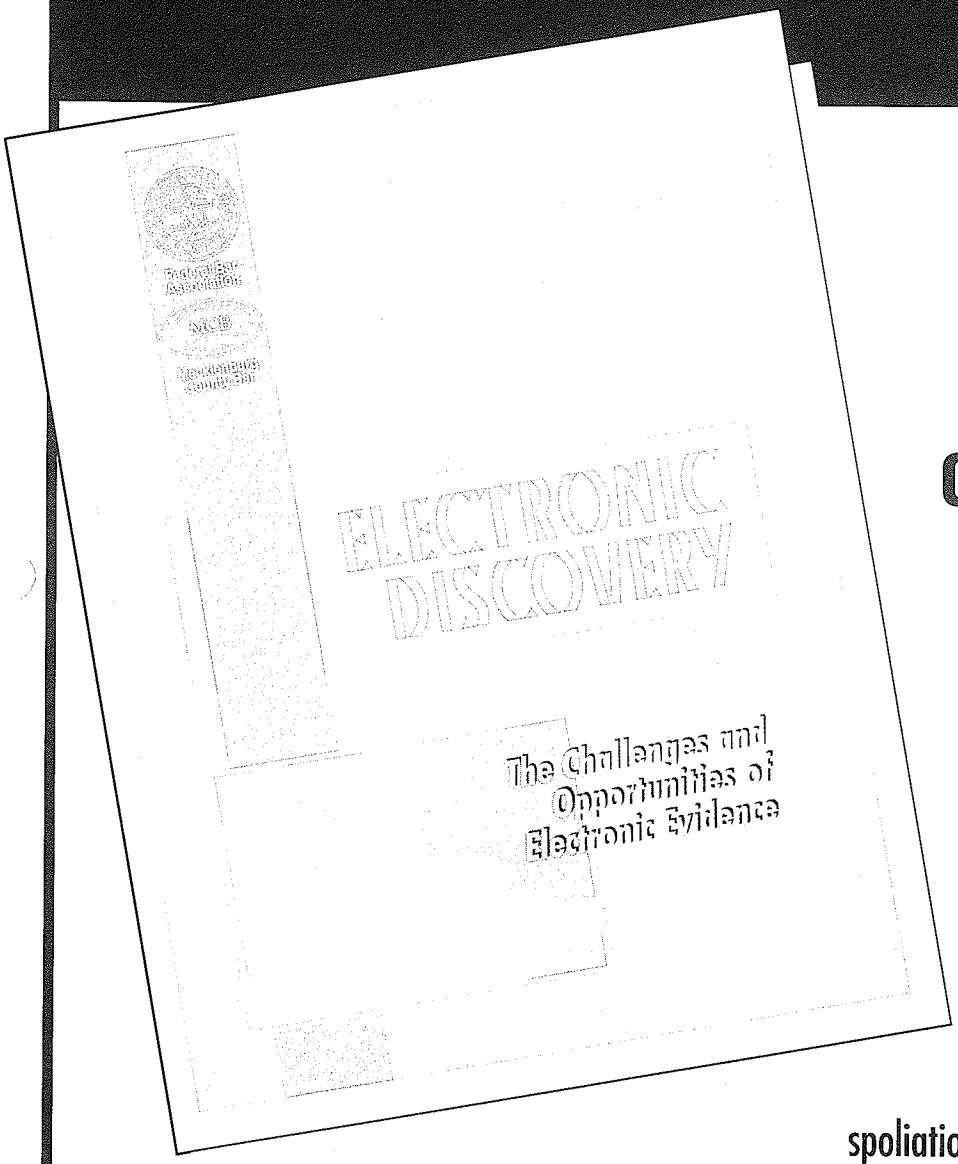
*The undersigned hereby applies for membership in the Federal Bar Association and agrees to conform to its Constitution and Bylaws and to the rules and regulations prescribed by its National Council.*

X
*Signature of Applicant* *Date*

***Note** *Contributions and dues to the FBA may be deductible by members under provisions of the IRS Code, such as an ordinary and necessary business expense, except 1.68% which is used for congressional lobbying and is not deductible. Your FBA dues include $14 for a yearly subscription to the FBA's professional magazine.*

**Please complete and return to:**
*FBA Membership Department,*
*2215 M St., NW, Washington, D.C. 20037*
*(202) 785-1614, (202)785-1568 (fax)*
*membership@fedbar.org • www.fedbar.org*

# You Should Be Reading This Now!




*Introducing . . .*

## Electronic Discovery: The Challenges and Opportunities of Electronic Evidence

This new textbook from the Federal Litigation Section of the Federal Bar Association and the Mecklenburg County Bar covers cutting-edge topics in discovery including finding electronic sources of information, protecting client privilege, spoliation of evidence, cost of electronic discovery, and includes a CD of useful motions and briefs.

*This is the publication that all litigators have been waiting for.*

---

ORDER NOW: Shop on-line at www.meckbar.org (click on CLE and go to Publications) or call the MCB-CLE Division at 704-375-8624.

Price: $49.95 FBA members; $59.95 All others

**** Add the Electronic Discovery CLE 2.0 Hour Course Video for $29.95 ****

# The FBA Has A New ADR Section

The **Alternative Dispute Resolution (ADR) Section** provides a forum for the exchange of information critical to lawyers and in-house counsel who represent parties in adversarial settings. Under the guidance of its Governing Board, the section conducts activities through committees that address: federal court ADR programs, commercial ADR practices and procedures, the qualification and certification of neutrals, ADR involving federal agencies, and the implementation of various ADR processes. The section sponsors discussions, lectures, and training programs for lawyers newly interested in learning about alternative dispute resolution, or already experienced at resolving disputes through third party intervention or wanting to serve as neutrals (arbitrators, mediators, etc.).

## Members in the ADR Section Receive

**Practice Tips** — ADR Section members receive access to useful advice on such topics as maintaining client confidentiality when conducting ADR with the federal government. ADR section members are also working to define criteria for selection of neutrals and for determination of their subject matter qualification.

**Targeted Publications** — Section members will receive the ADR Newsletter — a timely, insightful, resource on issues of federal law, statutes, and other pertinent information.

**CLE Sessions** — The ADR Section offers training on current topics of interest to neutrals and lawyers who participate in ADR proceedings. Members of the section receive a discount on all programs and materials.

**Networking Opportunities** — Section committees give members the opportunity to make a difference. Work with practitioners and federal judges to develop standards for ADR in federal courts.

Members can tailor their membership to their interests by joining one or more of the following committees:

- ✧ *Federal Court Programs Committee*
- ✧ *Commercial Practices and Procedures Committee*
- ✧ *ADR Involving Federal Agencies Committee*
- ✧ *Neutral Process, Certification, Qualifications, and Implementations Committee*

❑ Yes, I am a member of the Federal Bar Association and **I would like to sign up for the ADR Section,** attached is my check payable to Federal Bar Association (ADR) for $15.00.

NAME _____

PHONE _____

E-MAIL _____

COMMITTEES I AM INTERESTED IN

_____

_____

**FOR MORE INFORMATION** about the FBA's Alternative Dispute Resolution Section, please contact ADR Section Chair Richard Theis at (202) 307-0116 or Richard.P.Theis@usdoj.gov; or contact Meridith Akins, coordinator of Sections and Divisions, FBA, 2215 M St. NW, Washington D.C. 20037 at (202) 785-1614 or makins@fedbar.org.

SideBAR

Federal Litigation Section
Federal Bar Association
2215 M Street, NW
Washington, D.C. 20037