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In-House Counsel and the Attorney-Client Privilege: The Blurred Line Between Legal and Business Advice

Attorneys wear many hats: legal advisor, strategic business partner, human resources director, internal investigator, and tax strategist. Serving in numerous roles often blurs the line between business and legal communications, creating a question of whether or not certain communications are protected by the attorney-client privilege. This has created an unavoidable problem of discerning which communications to and from counsel are privileged, and which may be subject to disclosure. This problem is particularly acute for in-house counsel, who work within the client's management and operational infrastructure and routinely participate in legal, non-legal, and mixed discussions.

This article analyzes the applicable rules and recent court decisions that evaluate whether dual-purpose communications are protected by the attorney-client privilege and considers the impact on in-house counsel, particularly when those communications are shared in the context of internal investigations and joint ventures.

I. Overview of the Attorney-Client Privilege

The attorney-client privilege has its roots in the First Amendment, with the freedoms of speech, of association, and to petition combining to stand for the proposition that the right to hire and consult an attorney is also protected.[1] This right extends to corporations in civil cases.[2]

Historically, however, some courts were skeptical that the attorney-client privilege should extend to corporations.[3] Those courts were concerned that recognizing a corporation as a potential privilege holder could create an impenetrable "zone of silence" within which corporations could hide elicit activities.[4] Because corporations have many agents and employ many lawyers, the potential scope of the privilege threatened to prevent courts from exercising their traditional truth-finding function.[5] The modern view decidedly rejects this approach, recognizing that "[i]n light of the vast and complicated array of regulatory legislation confronting the modern corporation, corporations, unlike most individuals, 'constantly go to lawyers to find out how to obey the law …'"[6]

Still, hostility towards corporate assertions of the attorney-client privilege remains. In a recent case before the United States District Court for the Western District of Washington, the Federal Trade Commission alleged a violation of the Restore Online Shoppers' Confidence Act[7] by Amazon.[8] The Act permits the FTC to recover a civil penalty if it can show that a corporation "had actual knowledge or knowledge fairly implied on the basis of objective circumstances" that it committed a prohibited action that is unfair or deceptive.[9]

In its complaint, the FTC alleged that Amazon had actual knowledge that it violated the Act simply because Amazon consulted with its counsel regarding compliance with the Act. [10] There are numerous issues with this proposition. Using communications with an attorney to demonstrate liability would force the defendant to waive the privilege to rebut the allegations, and a chilling effect would cause clients to hesitate before conferring with counsel where it would otherwise be appropriate. [11] Moreover, the FTC's presumption that seeking counsel implies guilty knowledge flies in the face of the Supreme Court's recognition that corporations need lawyers to navigate the complexities of the modern regulatory state. [12] The FTC's actions demonstrate only one example of the threats to corporations' attorney-client privilege that their counsel face continuously. Cases like this show the need to understand the bounds of the privilege so that communications with corporate clients are protected from disclosure.

The attorney-client privilege protects communications between clients and attorneys made in confidence "for the purpose of obtaining or providing legal assistance for the client." [13] The purpose of the attorney-client privilege is to promote and facilitate forthright and comprehensive communication between a client and its attorney so that the client may receive legal advice unencumbered of fear that its disclosures may be reported elsewhere. [14] This analysis is further complicated where the client is a corporation or other organization, rather than an individual. In the corporate context, the privilege protects information where the communications are made by the company's employees to in-house counsel "at the direction of corporate superiors in order to secure legal advice from counsel," but not business matters. [15] The privilege thus works both ways—in-house counsel to employee and employee to in-house counsel. [16]

Attorneys have an ethical duty to consult with clients regarding the application of the law to their circumstances, not to cabin themselves to purely legal questions. [17] Therefore, counsel must be able to fully understand all of the facets of the problems that concern the client. The ABA Model rules require attorneys to "exercis[e] professional judgment and render[] candid advice," and to "refer not only to law but to other considerations such as moral, economic, social and political factors, that may be relevant to the client's situation." [18]

II. Are In-House Counsel's Dual-Purpose Communications Privileged?

It is commonplace for counsel's correspondence with clients to have a business purpose in addition to a legal purpose. Courts throughout the United States have disagreed as to how to determine whether these dual-purpose communications fall under the protection of the attorney-client privilege. Two lines of cases have emerged applying two separate tests: (1) the "primary purpose" test and (2) the "because of" test. The "primary purpose" test has also been applied in varying ways. As the United States Supreme Court has declined to answer this specific question, [19] the test that applies to a dispute is dependent upon the court that is hearing the question.

A. "Primary Purpose" Test

Under this test, courts look to "whether the primary purpose of the communication is to give or receive legal advice, as opposed to business or tax advice." [20] The Second and Sixth Circuits have opined that they consider "whether the predominant purpose of the communication is to render or solicit legal advice." [21] The "predominant purpose" is analyzed "dynamically and in light of the advice being sought or rendered, as well as the relationship between advice that can be rendered only by consulting the legal authorities and advice that can be given by a non-lawyer." [22] Likewise, the D.C. Circuit held that communication must be "for the purpose of securing primarily either (i) an opinion on law or (ii) legal services or (iii) assistance in some legal proceeding." [23] The Ninth Circuit is the most recent court to apply this test. In its rationale for electing to apply the "primary purpose" test, the court noted that at common law, the attorney-client privilege extended "only to communications made 'for the purpose of facilitating the rendition of professional legal services.'" [24]

Other Circuits have yet to adopt a version of the "primary purpose test," or a differing test to analyze dual-purpose communications. It can be gleaned from some opinions that the Fifth Circuit would adopt the "primary purpose" test, but it has not done so in this context. [25] In these Circuits, counsel should look to the decisions of the district courts that have attempted to set forth a test without the guidance of the Courts of Appeals.

The "primary purpose" test applies to communications to and from in-house counsel. [26] It has been noted that "[e]xtra scrutiny is required where in-house counsel is involved, as they often act in both a legal and non-legal business capacity, and the latter communications are not privileged." [27] Given this heightened scrutiny, it is imperative that in-house counsel be cognizant of when the purpose of its communications are not "primarily" legal.

1. "The" v. "A"

There is a material distinction in how some courts apply the "primary purpose" test: in order for a dual-purpose communication to be considered privileged, must the legal purpose be *the* primary purpose, or *a* primary purpose? By recognizing only one primary purpose in a communication, the first approach restricts the scope of the attorney-client privilege.

The Ninth Circuit holds that communications are only privileged if the legal purpose is the sole purpose of the communication, noting that "[t]he natural implication of this inquiry is that a dual-purpose communication can only have a single 'primary' purpose." [28] Considering the intent of the privilege to promote the unencumbered discussion of legal issues, the court noted that the privilege is meant to encourage clients to disclose information needed to produce accurate and reasoned legal advice. [29] The public interest fundamental to the privilege, encouraging corporations to conform their behavior to the law, is not furthered by including business advise within the scope of the privilege. [30] Therefore, the Ninth Circuit sought to narrow the privilege to protect only information with a legal purpose. [31] The court acknowledged the rationale for adopting "*a* primary purpose" as a test, but instead opted for "*the* primary purpose" as applied to its facts because the legal and business purposes were not so intertwined that it would be unable to distinguish which was the predominant purpose. [32]

The D.C. Circuit, however, expressed that the inquiry as to whether a dual-purpose communication was privileged is whether "obtaining or providing legal advice [was] *a* primary purpose of the communication, meaning *one of* the significant purposes of the communication[.]" [33] The court stated that sometimes a communication consists of multiple purposes that are so intertwined that a predominant purpose cannot be extracted when determining whether the communication should be privileged. [34]

When faced with this distinction, the Ninth Circuit expressed that the difference between "a" and "the" is only rarely material. It noted that only on rare occasions in "truly close cases" would the application of one "primary purpose" test over the other make a difference in the outcome of a case. [35] This conclusion is debateable.

One may imagine a situation, for example, in which in-house counsel communicates information regarding a new asset purchase. In-house counsel may seek advice from outside counsel regarding both (1) how to make sure the purchase is fully in compliance with applicable laws and (2) how to capture the best tax implications as a result of the purchase. If these are the only two objectives of the communication, it seems to be evenly split between both a legal and business purpose. A court applying the D.C. Circuit's "a primary purpose" test would likely determine that a primary purpose of the communication would be to obtain legal advice. A court applying the Ninth Circuit's "the primary purpose" test, however, could easily determine that, because the legal advice was not a majority of the advice sought, it could not be considered "the primary purpose" of the communication. It is difficult to say that the difference between these two results is immaterial. The line that courts walk between these two standards is incredibly thin, illustrating the importance of in-house counsel being aware of which of these tests is relevant in their jurisdiction.

2. Other Applications of the "Primary Purpose" Test

Although many courts have opted for the "primary purpose" approach to dual-purpose communications, some have differed as to how they apply this test. Some courts have held that the legal purpose is the primary purpose of a communication if "the communication would not have been made 'but for' the fact that legal advice was sought." [36] Alternatively, this test can be stated as not applying the privilege "if there was any other purpose behind the communication" that was not legal. [37] The justification for framing this test in this manner is that the scope of the privilege is intended to be construed narrowly. [38]

Other courts have declined to undergo this application of the primary purpose test. [39] The D.C. Circuit vehemently rejected the "but for" test, noting that it "is not the law," and that it was "aware of no Supreme Court or court of appeals decision that has adopted a test of this kind in this context." [40] It described the implications of such a test, stating that its adoption would "eliminate the attorney-client privilege for numerous communications that are made for both legal and business purposes," and "eradicate the attorney-client privilege for internal investigations conducted by businesses that are required by law to maintain compliance programs, which is now the case in a significant swath of American industry." [41] The court noted the chilling effect that such a rule would have, predicting that "businesses would be less likely to disclose facts to their attorneys and to seek legal advice." [42]

Under this formulation, if a communication was made within the regular course of an organization's business, such as ensuring compliance with laws and regulations, then it likely would not be considered to be made for the "primary purpose" of legal advice. This is despite the fact that legal advice and other information from counsel could be purely legal in nature—because it was made for the purpose of running the business, it may not be considered to be privileged. This stringent standard is arguably the most problematic for organizations and their communications.

Other courts have also taken an alternative approach to the "primary purpose" test, by applying the privilege to communications in which the legal purpose was "significant." The D.C. Circuit applied the "primary purpose" test by specifying that the privilege question comes down to "whether obtaining or providing legal advice was one of the significant purposes of the attorney-client communication." [43] This test is considerably more forgiving, in contrast with the "but for" interpretation of the primary purpose test that the same court deemed a misapplication of the law. Accordingly, this test has been lauded by organizations that seek to support the interests of corporations and other business entities. [44]

B. "Because of" Test

The "because of" test stems from its application to the work product doctrine. Instead of considering the purpose for which a communication is made, the doctrine "considers the totality of the circumstances and affords protection when it can fairly be said that the document was created because of anticipated litigation, and would not have been created in substantially similar form but for the prospect of litigation." [45] This test applies the privilege more generously, as it looks to the cause of the document or communication, rather than the primary reason for it. [46] As it applies to the attorney-client privilege, "the 'because of' test might [] ask whether a dual-purpose communication was made 'because of' the need to give or receive legal advice." [47]

Courts have declined to apply this rule because of its departure from the common law rule regarding the attorney-client privilege dictating that information is privileged if it has a legal purpose—not if it was created in anticipation of litigation. [48] The Ninth Circuit noted that to apply the "because of" test to the attorney-client privilege would be to incentivize businesses to include lawyers in all business matters to an extent sufficient to claim that the correspondence were "because of" litigation concerns. [49]

The policy goals of the work product doctrine are different than those of the attorney-client privilege. [50] The purpose of the work product doctrine is "to preserve a zone of privacy in which a lawyer can prepare and develop legal theories and strategy with an eye toward litigation, free from unnecessary intrusion by his adversaries." [51] The doctrine prevents attorneys from having to hand over their legal conclusions and strategies in discovery. [52] This is in contrast to correspondence protected by the attorney-client privilege, which does not presume the existence of current or forthcoming litigation. [53] As such, this test is not widely applied to disputes as to whether dual-purpose communications are privileged.

C. Examples of Communications

When considering dual-purpose communications, certain attempts at invoking the privilege will prove to fall short. For example, directing a communication to in-house counsel in addition to the main recipient does not automatically make the communication privileged. [54] This is because "[p]articipation of … counsel does not automatically cloak the investigation with legal garb." [55] That is not to say, however, that such communications can never be privileged—courts have held that "communications intended to keep the attorney apprised of business matters may be privileged if they embody 'an implied request for legal advice based thereon.'" [56] Likewise, a communication will not remain privileged solely on the basis that it is initiated by counsel. [57] Ultimately, in order for the privilege to apply, the attorney's role in the communication must be substantial and integral. Courts are hesitant to apply the privilege where it is clear that the attorney's involvement is so minimal that one could argue that it only exists for the purpose of protecting information from disclosure—not to offer sound legal advice and insight. To ensure communications remain privileged, it is important that counsel meaningfully engage in the conversation and offer the benefits of their legal expertise.

In-house counsel must also be wary when sharing intended-confidential information with parties outside of the zone of privilege. Because the attorney-client privilege may be waived, sharing a privileged communication with a non-privileged party [58] serves as a waiver, and thus leaves the information in the communication unprotected from disclosure—regardless of whether it falls within the "primary purpose" or "because of" test. [59] Should certain communications be shared with outside parties such as consultants, potential investors, or other third parties, the privilege will not apply and the content of such communications will be subject to disclosure. [60] There are often many moving parts in a business setting, requiring the constant flow of communication through multiple departments and divisions. Due to this evolving workflow, it can be difficult to keep communications truly confidential. It is imperative, therefore, that communications that are intended to be confidential are clearly marked as such so that disclosure to a third-party does not erase any confidentiality. To be sure, marking a communication as privileged will not ensure it to be so legally, [61] but instead such demarcation signals to recipients that the information is not to be shared unless otherwise directed. [62]

III. Internal Investigations

Companies frequently hire counsel to conduct internal investigations for both business and legal reasons. [63] In the event that a corporation faces an internal crisis, it is hardly surprising that concerns regarding what is legally permissible and what is financially prudent overlap. [64] The mere threat of a lawsuit implicates a company's bottom line. [65] And proactive managers may view an emergency as an opportunity to improve the business's internal protocols. [66] Given these overlapping interests, a rigid attorney client privilege standard "would 'threaten[] to limit the valuable efforts of corporate counsel to ensure their client's compliance with the law." [67]

This section covers a variety of pitfalls for corporate attorneys who seek to maintain the confidentiality of internal investigations. Courts scrutinize the involvement of attorneys in internal investigations both *ex ante* and *ex post*. For information prepared during an internal investigation to be privileged, (1) the company's original purpose in engaging counsel to perform an internal investigation must be to receive legal advice, and (2) the attorney must actually render legal services during the course of the investigation. [68]

A. Investigations for the Purposes of Receiving Legal Advice

For an attorney's conversations and investigatory material to be privileged, the company must request the investigation as a legal service. [69] As discussed at length above, courts apply divergent tests to determine whether a corporation hired a lawyer for a business or legal purpose. Several federal circuits apply the primary purpose test to internal investigations. [70] Some federal courts add gloss onto the primary purpose test in this context, requiring that the communication would not have been made "but for" the desire for legal advice. [71] Still others use a more lenient "because of" standard. [72]

The following three subsections focus on the complications imposed on in-house counsel by the existence of so many tests to determine, prospectively, whether an internal investigation will be privileged in a subsequent litigation. Corporate crises can occasionally expose companies to liability in multiple jurisdictions. For example, a defective product could produce lawsuits in multiple states or could lead to a consolidated proceeding before a Multi District Litigation panel. [73] In such a case, in-house counsel may need to account, in advance, for exposure to multiple, inconsistent standards for determining whether the company commenced the investigation to receive legal advice. [74] Accordingly, this discussion next turns to choice of law concerns and the practical advantages of hiring outside counsel to perform internal investigations.

1. Choice of Law Concerns

Adding to the quagmire facing in-house counsel, choice of law considerations can expose communications to multiple privilege tests. Each state has its own body of law interpreting the attorney-client privilege, and the federal circuits have also developed their own interpretations. Two complicated questions, therefore, face in-house counsel trying to predict how a court will assess whether a conversation with a client is privileged. Will federal or state law govern? If state law controls, which state will the applicable choice of law principles select as providing the governing rules?

In civil cases that proceed in federal court, the law governing the attorney-client privilege depends on the basis for the court's subject matter jurisdiction. When deciding a federal question, district courts apply a body of common law developed by the federal courts. [75] When adjudicating a state law claim, district courts sitting in diversity apply state law to decide issues of privilege. [76]

This issue of vertical choice of law becomes more complex when a case includes both state and federal claims. [77] The temptation might be to apply federal privilege law to federal claims and state privilege law to state claims. [78] But evidence that is potentially privileged is frequently relevant to both claims. [79] "[A]pplying two separate disclosure rules with respect to different claims tried to the same jury would be unworkable." [80] Faced with this dilemma, a federal court will often apply federal privilege law to both claims. [81]

Federal courts sitting in diversity have developed three approaches for horizontal choice of law where state law governs the privilege. [82] Some district courts apply the privilege law of the state whose body of law will also supply the rule of decision for the substantive claim. [83] Following a Supreme Court opinion under the *Erie* doctrine, other district courts apply the choice of law rules of the state in which they sit to pick, potentially, a different state whose law will govern the privilege. [84] Under the simplest approach, the federal court will simply use the privilege laws of the state in which it sits. [85] Notably, the latter two approaches can lead to the surprising result that separate bodies of law govern the privilege determination and the substantive claim. [86]

This panoply of possible choice of law approaches leads to unfortunate unpredictability for corporate counsel advising clients as to which communications are privileged. For example, counsel who negotiate construction contracts should be aware that a choice of law provision in a construction contract may not govern a dispute over privilege. [87] In *Harrisburg Authority v. CIT Capital USA, Inc.*, the United States District Court for the Middle District of Pennsylvania considered a construction agreement that potentially implicated the laws of New York and Pennsylvania. [88] The contract specified that "[t]his Agreement shall be governed by and construed in accordance with the laws of Pennsylvania without regard to its principles of conflicts of laws." [89] The Court, however, determined that the issue of whether the attorney client privilege applied to documents subject to a motion to compel disclosure was "*collateral* to the contract and the choice-of-law provision contained therein." [90] Ultimately, the Court applied Pennsylvania's rules for choice of law to select New York's attorney-client privilege law in a case whose substantive claims would later be determined under Pennsylvania law. [91]

Unlike the *Harrisburg Authority* court, some district courts will use a choice of law provision in a contract to select the law that defines the privilege. [92] Attorneys drafting these agreements should keep in mind the lessons of the *Harrisburg Authority* decision and compose choice of law provisions in a manner that will apply to all decisions, not only those that are substantive, in a litigation related to the contract.

That said, counsel conducting internal investigations do not have the luxury of bargaining for a choice of law provision up front. Internal investigations potentially expose attorney-client communications to the laws of many jurisdictions. [93] Diligent counsel should instead make every effort to document that their client sought their services for a legal rather than a business purpose.

2. Using In-House versus Outside Counsel

The attorney client privilege applies to in-house counsel just as it does to outside counsel. [94] Courts maintain that "[c]ommunications made by and to in-house lawyers in connection with representatives of the corporation seeking and obtaining legal advice may be protected by the attorney-client privilege just as much as communications with outside counsel." [95] The privilege, likewise, extends only so far as the outside counsel acts as a legal advisor; to the extent that outside counsel offers business advice, the communications are not privileged.[96] Therefore, courts often state that the analysis is applied no differently when organizations engage outside counsel rather than in-house counsel.[97]

In practice, however, some courts recognize that a corporation's claim to attorney client privilege is strengthened where the entity engages outside counsel to conduct an internal investigation.[98] Corporations tend to involve in-house counsel in mixed purpose business-legal discussions more frequently than outside counsel.[99] And courts worry that businesses may be tempted to include an attorney in a conversation merely to trigger the privilege, rather than to meaningfully seek legal advice.[100] These concerns lead to "thorny discovery and disclosure problems for courts" that tempt judges to apply the privilege more "cautiously and narrowly" when in-house counsel conducts an internal investigation.[101]

Unlike an independent lawyer that a corporation engages for a particular matter, in-house attorneys frequently serve as company officers with ongoing, non-legal involvement in the company's operations.[102] As such, in-house counsel may provide legal advice of their own accord, rather than "in response to the client's consultation about a particular problem …"[103] The intertwined nature of in-house attorney's roles in their organizations leads to both a fundamental and a practical problem with the attorney-client privilege.

First, the core justification for limiting access in discovery to attorney-client communications within an organization is to incentivize corporate agents to disclose information necessary for the provision of effective legal advice.[104] The fundamental definition of the privilege is that it protects "confidential disclosures made by a client to an attorney in order to obtain legal advice."[105] But in-house counsel may, themselves, initiate a conversation with corporate employees.[106] Because in-house attorneys communicate with employees so frequently, it can be difficult for courts to differentiate between discussions that in-house lawyers start to steer the company towards legal compliance and those that they begin for mere business purposes.[107] Where in-house counsel is involved, judges may be concerned that the privilege "obstructs the truth-finding process" rather than accomplishing "that which is necessary to achieve its purpose" of improving the ability of companies to comply with the law.[108] The privilege may incentivize more communication within the company, but not necessarily communication related to compliance with the law.

Second, courts have a simple, practical concern: corporations may simply copy their in-house attorneys on communications to create an argument that they are privileged. "[T]he need to apply [the privilege] cautiously and narrowly is heightened in the case of corporate staff counsel, lest the mere participation of an attorney be used to seal off disclosure …"[109] Obviously, a company could use outside counsel in a similar gambit, but the temptation could arise more frequently where the attorney is an employee.

Hiring outside counsel also comes with an evidentiary advantage if the privilege is eventually disputed. Courts consider an attorney's engagement letter, and the scope of services set forth therein, evidence of the purpose of the investigation.[110] "Contemporaneous evidence is the most compelling in determining the purpose for retention of counsel."[111] To the extent a company desires to document, in real time, the legal nature of an internal investigation, an engagement letter is a piece of evidence that outside counsel can provide that in-house counsel cannot.

B. Attorney Supervision and Use of Legal Skills

After considering whether a company engaged counsel primarily for a legal purpose, courts may scrutinize, *ex post*, the function that the attorney performed in the investigation.[112] To maintain the privilege, attorneys need not limit themselves to citing statutes and case reporters. The practice of law is not so limited. Attorneys can directly participate in the internal investigation without subjecting their inquiries to future discovery.[113] "[F]actual investigations performed by attorneys *as attorneys* fall comfortably within the protection of the attorney-client privilege."[114] As the Supreme Court explained, "[t]he first step in the resolution of any legal problem is ascertaining the factual background and sifting through the facts with an eye to the legally relevant."[115]

But some courts will not extend the privilege to attorneys who merely perform the functions of a lay person.[116] Where the lawyer serves purely as a detective, the privilege may not apply.[117] Conversely, where the investigation is incidental to the provision of legal services, the privilege protects the attorney's interviews.[118] The distinction turns on whether an attorney would make use of the facts gathered in the investigation in a way that a lay person would not.[119] Is the attorney merely gathering facts to pass along without analysis, or is she doing so with an eye towards what is and is not relevant to the potential legal disputes at issue?[120] "Fundamentally, legal advice involves the interpretation and application of legal principles to guide future conduct or to assess past conduct."[121]

A review of representative cases elucidates this distinction. In *Payton v. New Jersey Turnpike Authority*, the Supreme Court of New Jersey considered an internal investigation into allegations of sexual harassment.[122] In-house counsel conducted the investigation along with the company's Equal Employment Opportunity Officer.[123] New Jersey law placed an affirmative duty on the company to investigate claims of sexual harassment, and the plaintiff's cause of action turned, in part, on the employer's response to the allegations.[124] While the trial court granted blanket immunity to all the materials produced as part of the investigation, the Supreme Court disagreed.[125] The attorney could have produced some of the materials with an eye towards looming litigation, and these would be privileged.[126] But any portion of the investigation undertaken by the corporation merely to fulfill its duty to investigate the sexual harassment allegations were "essential nonlegal duties" of the sort performed naturally by an Equal Employment Officer and not by an attorney.[127]

Likewise, the Southern District of New York held the law firm of Wachtell, Lipton, Rosen & Katz did not perform legal services when it conducted an internal investigation into allegations of fraudulent financial transactions at Allied Irish Banks.[128] During the investigation, Wachtell interviewed "55 present and former employees" and "reviewed a substantial volume of electronic records and thousands of pages of printed documents."[129] Throughout the subsequent litigation, Wachtell vehemently claimed that it had been "retained to provide legal advice to the AIB [board], and to assist the … investigation."[130] The trouble was Wachtell could never meaningfully show what that legal advice might have been.[131] The only client-facing product that Wachtell produced, in conjunction with another, lay investigator, was a single report that contained only findings of fact without legal analysis.[132] With nothing but Wachtell's representation and the non-legal report before it, the Court could only conclude that Wachtell's services were non-legal in nature.[133]

Perhaps the best advice for a lawyer undertaking an internal investigation is one often given to lay clients: document, document, document. If one hopes that a court will regard one's services as legal, it may be advisable to be able to show your work. Establish the legal purpose that the investigation will serve upfront, in an engagement letter.[134] Offer legal perspectives about the relevance of the facts that you gather.[135] And advise the client at some point in a way that is more than a report of the facts.[136]

IV. Joint Ventures and the Common Interest Doctrine

Another useful, if complex, variant of the attorney-client privilege is available to cooperating businesses. Generally speaking, the attorney-client privilege only attaches if the communication at issue is made: (1) in confidence, (2) in connection with the provision of legal services, (3) to an attorney, and (4) in the context of the attorney-client relationship.[137] The first of these elements generally requires that the discourse not be disclosed to a third party.[138] However, courts have developed the common interest doctrine[139] as an exception to this rule.[140]

The common interest doctrine extends the attorney-client privilege to non-confidential communications in limited circumstances.[141] The doctrine only applies "where the parties undertake a joint effort with respect to a common legal interest, and the doctrine is limited strictly to those communications made to further an ongoing enterprise."[142] Expressed as elements, to protect a discussion from discovery, "(1) the party who asserts the rule must share a common legal interest with the party with whom the information was shared and (2) the statements for which protection is sought were designed to further that interest."[143]

Like the attorney-client privilege, the purpose of the doctrine is to encourage parties with a common legal interest to seek the advice of counsel in the hope that they will conform their conduct to the law.[144] "Reason and experience demonstrate that joint venturers, no less than individuals, benefit from planning their activities based on sound legal advice predicated upon open communication." [145] The exception evolved from the joint-defense privilege, which allows attorneys representing co-defendants in criminal prosecutions to coordinate their defense strategy without subjecting the communications to discovery. [146] Courts extended the rationale of the joint-defense privilege to civil contexts where parties also communicate regarding a shared legal interest. [147] Now, the common interest doctrine "applies in civil and criminal litigation, and even in purely transactional contexts," but only among members of a community that share a common legal interest. [148]

Courts differ over the degree to which the legal interests of the parties must overlap. At one extreme, courts will only extend the privilege if "the nature of the interest [is] identical, not similar …" [149] More moderate courts merely require "a substantially similar legal interest" [150] or interests that are "nearly identical." [151] Finally, a minority of courts have abandoned the requirement of "a complete unity of interests among the participants" and may even permit the parties to be "adverse in substantial respects." [152]

Courts also struggle to articulate what constitutes a legal, versus a business, interest for these purposes. The nettlesome primary or predominant purpose test rears its head in these cases. [153] Moreover, courts split on whether the specter of litigation is required. Some courts hold that the communications do not need to be made in anticipation of litigation to be shielded from discovery. [154] Others "restrict the doctrine to communications with respect to legal advice 'in pending or reasonably anticipated litigation.'" [155]

Because it is an extension of the attorney-client privilege, the common interest doctrine includes several of the privilege's notable features. [156] The holder of the privilege is the client, with the additional wrinkle that it cannot be waived without the consent of all the parties. [157] Given the distinct context in which it arises, there are unique considerations to preserve the common interest exception. There are more parties to the relationship than a single attorney and a single client. For a communication to be privileged, it must be made to the attorney of one of the joint venturers. [158] Speech from one client to another is not privileged. [159]

The contours of the doctrine can best be understood by a comparison of leading cases. In *Bank of America, N.A. v. Terra Nova Insurance Company Limited*, the Southern District of New York refused to apply the common interest doctrine to the negotiation of letters of credit between Bank of American and Palladium Insurance Limited. [160] Palladium assumed the risk associated with its customer's weather derivative contracts, and Bank of America agreed to pay any insurance funds due via the letters of credit against Palladium's accounts. [161] Palladium, then, obtained reinsurance policies from Terra Nova, which secured Bank of America's obligations under the letters of credit. [162] When Terra Nova sued, it served Bank of America's outside counsel with a subpoena *duces tecum* that targeted documents related to structuring the deal. [163] Bank of America claimed that it shared a common interest with Palladium in "structuring and effectuating a credit agreement that was appropriately supported by reinsurance policies." [164]

The Southern District disagreed for two reasons. First, the parties' interests were not identical. [165] Rather than joint venturers, Bank of America and Palladium were a creditor and a debtor. [166] While the parties did collaborate to structure the deal, "[t]he mere fact that the parties were working together to achieve a commercial goal cannot by itself result in an identity of interest between the parties." [167] "[E]ach party had an interest in making the terms of the transaction as favorable as possible to itself." [168]

Second, the Court did not accept that the interest at issue was legal, rather than commercial. [169] The Court accepted that both parties hired counsel out of a desire to avoid litigation over the deal. [170] But it found a general concern that litigation could occur someday, absent a more specific concern about legal compliance, insufficient to provide privilege. [171] In so doing, the Court contrasted the attorneys' efforts to a negotiation from another case with a specific, common legal goal: "to create a corporate structure 'that would minimize the U.S. tax liability of all consortium members.'" [172]

A different result was reached in *United States v. BDO Seidman, LLP,* [173] In that case, the Seventh Circuit found thatthe common interest doctrine protected a memorandum that addressed the applicability of pending IRS regulations. Inside counsel for BDO, an accounting firm, drafted the memorandum and sent the document to BDO's outside counsel at the law firm of White & Case. [174] Eventually, counsel at another firm, Jenkens & Gilchrist, received the memo. [175] Jenkins & Gilchrist did not represent BDO, but Jenkins & Gilchrist and BDO represented common clients. [176] The IRS sought production of the memorandum when it prosecuted BDO for allegedly promoting abusive tax shelters. [177]

The Seventh Circuit upheld a district court decision to withhold the memorandum from the IRS. [178] "BDO and Jenkens & Gilchrist, acting as joint venturers, shared a common legal interest 'in ensuring compliance with the new regulation issued by the IRS,' … and in making sure that they could defend their product against potential IRS enforcement actions." [179] BDO's counsel sent the memorandum "as part of BDO's effort to coordinate with Jenkins & Gilchrist a common legal position that BDO and Jenkens & Gilchrist would communicate later to [their] common clients." [180] The IRS contended that the coordination had a business, rather than legal, purpose: improving the content of the services provided to the clients. [181] But "[c]ommunications do not cease to be for the purpose of receiving legal services just because the recipient intended to use the fruits of the legal services to guide its relations with customers." [182] Instead, the memorandum focused on "the legality of the proposed financial course of action," and withholding it from discovery served the public interest in promoting compliance with the law. [183]

In many ways, the Seventh Circuit's decision harkens directly back to the logic of *Upjohn*. "In light of the vast and complicated array of regulatory legislation confronting the modern corporation, corporations, unlike most individuals, 'constantly go to lawyers to find out how to obey the law …'" [184] By contrast, Bank of America and Palladium did not seek specific advise on how to comply with an area of law. [185] They only justified their use of lawyers out of a general desire to avoid litigation. [186] From this, the prudent corporate attorney can learn a lesson. To avail oneself of the common interest doctrine, the scope of the engagement with the client should have a concrete legal goal, rather than simply relying on a vague fear of litigation.

V. Conclusion

Unless the United States Supreme Court decides the issue, corporate counsel will continue to face inconsistent standards for applying the attorney-client privilege to advice that has both a legal and business purpose. Accordingly, prudent corporate lawyers should prepare for the most restrictive standard, take all efforts to document the legal purposes of their activities, and be prepared to demonstrate that their fact-finding expeditions led to advice for their clients on a particular legal problem.

Footnotes

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1 United Mine Workers of America, Dist. 12 v. Illinois State Bar Ass'n, 389 U.S. 217, 221–22, 88 S. Ct. 353, 19 L. Ed. 2d 426, 66 L.R.R.M. (BNA) 2627, 56 Lab. Cas. (CCH) P 12314 (1967); DeLoach v. Bevers, 922 F.2d 618, 620 (10th Cir. 1990) ("The right to retain and consult an attorney … implicates

not only the Sixth Amendment but also clearly established First Amendment rights of association and free speech.”).

2 *See* Denius v. Dunlap, 209 F.3d 944, 954, 143 Ed. Law Rep. 736, 16 I.E.R. Cas. (BNA) 654 (7th Cir. 2000) (“[T]he First Amendment protects the right of an individual or group to consult with an attorney on any legal matter.”); First Nat. Bank of Boston v. Bellotti, 435 U.S. 765, 784, 98 S. Ct. 1407, 55 L. Ed. 2d 707, 3 Media L. Rep. (BNA) 2105 (1978) (holding that First Amendment protections extend to corporations).

3 *See generally* WRIGHT AND MILLER ET AL., FEDERAL PRACTICE AND PROCEDURE, EVIDENCE § 5476 (1st ed.).

4 Radiant Burners, Inc. v. American Gas Ass'n, 207 F. Supp. 771, 774 (N.D. Ill. 1962) (quoting David Simon, The Attorney-Client Privilege as Applied to Corporations, 65 Yale L.J. 953, 955–56 (1956)), adhered to, 209 F. Supp. 321 (N.D. Ill. 1962) and order rev'd en banc, 320 F.2d 314, 7 Fed. R. Serv. 2d 714, 98 A.L.R.2d 228 (7th Cir. 1963).

5 *See* *Am. Gas Ass'n*, 207 F. Supp. at 774.

6 Upjohn Co. v. U.S., 1981-1 C.B. 591, 449 U.S. 383, 392, 101 S. Ct. 677, 66 L. Ed. 2d 584, Fed. Sec. L. Rep. (CCH) P 97817, 1980-81 Trade Cas. (CCH) ¶ 63797, 81-1 U.S. Tax Cas. (CCH) P 9138, 7 Fed. R. Evid. Serv. 785, 30 Fed. R. Serv. 2d 1101, 47 A.F.T.R.2d 81-523 (1981).

7 15 U.S.C.A. § 8404.

8 Brief of Amicus Curiae Association of Corporate Counsel, in Support of Defendant Amazon.com, Inc.'s Motion to Dismiss at 7, FTC v. Amazon.com, Inc., No. 2:23-cv-0932-JHC (W.D. Wash. Oct. 25, 2023), ECF No. 107-1.

9 15 U.S.C.A. § 45(m)(1)(A).

10 15 U.S.C.A. § 45(m)(1)(A).

11 Brief of Amicus Curiae Association of Corporate Counsel, in Support of Defendant Amazon.com, Inc.'s Motion to Dismiss at 7, FTC v. Amazon.com, Inc., No. 2:23-cv-0932-JHC (W.D. Wash. Oct. 25, 2023), ECF No. at 9–11.

12 *See* *Upjohn Co.*, 449 U.S. at 392.

13 RESTATEMENT THIRD, THE LAW GOVERNING LAWYERS § 68 (AM. L. INST. 2000).

14 *Upjohn Co.*, 449 U.S. at 389; *see* RESTATEMENT THIRD, THE LAW GOVERNING LAWYERS § 68 cmt. c (AM. L. INST. 2000) (“It is assumed that, in the absence of such frank and full discussion between client and lawyer, adequate legal assistance cannot be realized.”).

15 *Upjohn Co.*, 449 U.S. at 394 (“[C]omplications in the application of the privilege arise when the client is a corporation.”); Neuberger Berman Real Estate Income Fund, Inc. v. Lola Brown Trust No. 1B, 230 F.R.D. 398, 410, 412 (D. Md. 2005) (“[Legal advice] requires that the lawyers' services involve interpretation and application of legal principles to specific facts in order to guide future conduct, it requires an attorney to render the type of services that his education and certification to practice qualify him to render for compensation.” (citation omitted)).

16 *Upjohn Co.*, 449 U.S. at 390 ("[T]he privilege 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.").

17 Brief for Association of Professional Responsibility Lawyers as Amici Curiae Supporting Neither Party, In re Grand Jury (2022) (No. 21-1397), 2022 WL 17252565, at *5 (citing ABA Model Rule of Professional Conduct 1.2(a)).

18 Brief for Association of Professional Responsibility Lawyers as Amici Curiae Supporting Neither Party, In re Grand Jury (2022) (No. 21-1397), 2022 WL 17252565, at *5–6 (citing ABA Model Rules of Professional Conduct 1.6, 2.1).

19 In re Grand Jury, 143 S. Ct. 543, 214 L. Ed. 2d 329 (2023) (denying certiorari to a Ninth Circuit decision).

20 In re Grand Jury, 23 F.4th 1088, 1091, 2022-2 U.S. Tax Cas. (CCH) P 50239 (9th Cir. 2021), cert. granted, 143 S. Ct. 80, 214 L. Ed. 2d 16 (2022) and cert. dismissed as improvidently granted, 143 S. Ct. 543, 214 L. Ed. 2d 329 (2023).

21 In re County of Erie, 473 F.3d 413, 420 (2d Cir. 2007); Alomari v. Ohio Dept. of Public Safety, 626 Fed. Appx. 558, 570, 2015 Fair Empl. Prac. Cas. (BNA) 190793 (6th Cir. 2015); *see also* United States v. Roberts, 84 F.4th 659, 670, 122 Fed. R. Evid. Serv. 2064 (6th Cir. 2023), cert. denied, 144 S. Ct. 867, 218 L. Ed. 2d 55 (2024) (applying the rule from *Alomari* in a criminal case).

22 *Alomari*, 626 F. App'x at 570.

23 In re Grand Jury, 475 F.3d 1299, 1304 (D.C. Cir. 2007) (internal quotation marks omitted).

24 *In re Grand Jury*, 23 F.4th at 1092 (quoting U.S. v. Rowe, 96 F.3d 1294, 1296, 45 Fed. R. Evid. Serv. 251, 35 Fed. R. Serv. 3d 1502 (9th Cir. 1996); RESTATEMENT THIRD, THE LAW GOVERNING LAWYERS § 68 (AM. L. INST. 2000).

25 In re Boeing Company, 2021 WL 3233504, *1–2 (5th Cir. 2021) (citing Equal Employment Opportunity Commission v. BDO USA, L.L.P., 876 F.3d 690, 695, 130 Fair Empl. Prac. Cas. (BNA) 945 (5th Cir. 2017)) (stating that attorney-client communications are generally analyzed by considering whether the communication was "for the primary purpose of securing either a legal opinion or legal services, or assistance in some legal proceeding").

26 *See, e.g.*, Chandola v. Seattle Housing Authority, 2014 WL 4685351, *3 (W.D. Wash. 2014); Oracle America, Inc. v. Google, Inc., 2011 WL 3794892, *4 (N.D. Cal. 2011).

27 Chandola v. Seattle Housing Authority, 2014 WL 4685351, *3 (W.D. Wash. 2014) (citations omitted); *see also* Oracle America, Inc. v. Google, Inc., 2011 WL 3794892, *4 (N.D. Cal. 2011) ("When attempting to demonstrate tha[t] an internal communication involving in-house counsel deserves privileged status, a party therefore must make a clear showing that the speaker made the communication for the purpose of obtaining or providing *legal* advice." (internal citations omitted)); Johnson v. Ford Motor Company, 2015 WL 5193568, *2 (S.D. W. Va. 2015) ("[B]ecause a corporation's in-house counsel often wears more than one hat, courts look closely at claims of privilege asserted by corporate employees involved communications with in-house counsel.").

28 *In re Grand Jury*, 23 F.4th at 1091.

29 *In re Grand Jury*, 23 F.4th at 1092–93 (citing Fisher v. U.S., 1976-1 C.B. 411, 425 U.S. 391, 403, 96 S. Ct. 1569, 48 L. Ed. 2d 39, 76-1 U.S. Tax Cas. (CCH) P 9353, 37 A.F.T.R.2d 76-1244 (1976); Swidler

& Berlin v. U.S., 524 U.S. 399, 410–11, 118 S. Ct. 2081, 141 L. Ed. 2d 379, 49 Fed. R. Evid. Serv. 1, 40 Fed. R. Serv. 3d 745, 159 A.L.R. Fed. 729 (1998)).

30 *In re Grand Jury*, 23 F.4th at 1092–93.

31 *In re Grand Jury*, 23 F.4th at 1092–93.

32 *In re Grand Jury*, 23 F.4th at 1094–95.

33 In re Kellogg Brown & Root, Inc., 756 F.3d 754, 760, 38 I.E.R. Cas. (BNA) 1109, 94 Fed. R. Evid. Serv. 1078, 94 Fed. R. Evid. Serv. 1129 (D.C. Cir. 2014) (second emphasis added).

34 *In re Kellogg Brown & Root, Inc.*, 756 F.3d at 759.

35 *In re Grand Jury*, 23 F.4th at 1095.

36 U.S. v. ISS Marine Services, Inc., 905 F. Supp. 2d 121, 128, 84 Fed. R. Serv. 3d 384 (D.D.C. 2012) (citing First Chicago Intern. v. United Exchange Co. Ltd., 125 F.R.D. 55, 57 (S.D. N.Y. 1989)).

37 *In re Kellogg Brown & Root, Inc.*, 756 F.3d at 759.

38 *ISS Marine Servs., Inc.*, 905 F. Supp. 2d at 128 (quoting In re Lindsey, 158 F.3d 1263, 1272, 50 Fed. R. Evid. Serv. 13, 42 Fed. R. Serv. 3d 27 (D.C. Cir. 1998); *Fisher*, 425 U.S. at 403).

39 *In re Kellogg Brown & Root, Inc.*, 756 F.3d at 759.

40 *In re Kellogg Brown & Root, Inc.*, 756 F.3d at 759.

41 *In re Kellogg Brown & Root, Inc.*, 756 F.3d at 759.

42 *In re Kellogg Brown & Root, Inc.*, 756 F.3d at 759.

43 *In re Kellogg Brown & Root, Inc.*, 756 F.3d at 760.

44 *See, e.g.*, Brief for the Chamber of Commerce of the United States of America, Associations of Corporate Counsel, and Securities Industry and Financial Markets Association as Amici Curiae Supporting Petitioner, In re Grand Jury (2022) (No. 21-1397), 2022 WL 17340297; Brief for Federation of Defense & Corporate Counsel as Amici Curiae Supporting Petitioner, In re Grand Jury (2022) (No. 21-1397), 2022 WL 17340299.

45 In re Grand Jury Subpoena (Mark Torf/Torf Environmental Management), 357 F.3d 900, 908 (9th Cir. 2004).

46 *In re Grand Jury*, 23 F.4th at 1092.

47 *In re Grand Jury*, 23 F.4th at 1092.

48 *In re Grand Jury*, 23 F.4th at at 1093.

49 *In re Grand Jury*, 23 F.4th at at 1093–94.

50 *In re Grand Jury*, 23 F.4th at at 1093.

51 U.S. v. Adlman, 134 F.3d 1194, 1196, 98-1 U.S. Tax Cas. (CCH) P 50230, 39 Fed. R. Serv. 3d 1189, 81 A.F.T.R.2d 98-820 (2d Cir. 1998).

52 *In re Grand Jury*, 23 F.4th at 1093.

53 *In re Grand Jury*, 23 F.4th at 1093.

54 U.S. Postal Service v. Phelps Dodge Refining Corp., 852 F. Supp. 156, 160 (E.D. N.Y. 1994) ("[T]he mere fact that a communication is made directly to an attorney, or an attorney is copied on a memorandum, does not mean that the communication is necessarily privileged." (citing Simon v. G.D. Searle & Co., 816 F.2d 397, 403–04, 22 Fed. R. Evid. Serv. 1754, 7 Fed. R. Serv. 3d 410 (8th Cir. 1987))); Neuder v. Battelle Pacific Northwest Nat. Laboratory, 194 F.R.D. 289, 295, 48 Fed. R. Serv. 3d 929 (D.D.C. 2000) ("Furthermore, documents prepared by non-attorneys and addressed to non-attorneys with copies routed to counsel are generally not privileged since they are not communications made primarily for legal advice." (quoting Pacamor Bearings, Inc. v. Minebea Co., Ltd., 918 F. Supp. 491, 511 (D.N.H. 1996))).

55 In re Grand Jury Subpoena, 599 F.2d 504, 511, Fed. Sec. L. Rep. (CCH) P 96917, 79-1 U.S. Tax Cas. (CCH) P 9405, 43 A.F.T.R.2d 79-1221 (2d Cir. 1979).

56 *Simon*, 816 F.2d at 404 (quoting Jack Winter, Inc. v. Koratron Co., 54 F.R.D. 44, 46, 172 U.S.P.Q. 201, 1972 Trade Cas. (CCH) ¶ 74037 (N.D. Cal. 1971)).

57 *ISS Marine Servs., Inc.*, 905 F. Supp. 2d at 126, 132 (determining that a report "prepared at the request of counsel" was not necessarily privileged).

58 RESTATEMENT THIRD, THE LAW GOVERNING LAWYERS § 70 (AM. L. INST. 2000).

59 *See* *Neuberger Berman Real Est. Income Fund, Inc.*, 230 F.R.D. at 410 (citing U.S. v. Jones, 696 F.2d 1069, 1072, 11 Fed. R. Evid. Serv. 1890 (4th Cir. 1982)).

60 *See* In re Grand Jury Subpoena, 204 F.3d 516, 521, 46 Fed. R. Serv. 3d 165 (4th Cir. 2000) ("[I]f he wants a communication to remain confidential he should not reveal it.").

61 In re Grand Jury Proceedings, 2001 WL 1167497, *10 (S.D. N.Y. 2001); *see also* In re Grand Jury Proceedings, 2001 WL 1167497, *10 (S.D. N.Y. 2001) (stating that notations on a communication can serve as circumstantial evidence that communications were intended to be confidential).

62 *But see* In re Grand Jury Proceedings, 2001 WL 1167497, *12 (S.D. N.Y. 2001) (using demarcations of privilege to support its conclusion that communications without such disclaimer were not privileged).

63 In re General Motors LLC Ignition Switch Litigation, 80 F. Supp. 3d 521, 530, 90 Fed. R. Serv. 3d 1084 (S.D. N.Y. 2015).

64 *See* In re General Motors LLC Ignition Switch Litigation, 80 F. Supp. 3d 521, 90 Fed. R. Serv. 3d 1084 (S.D. N.Y. 2015).

65 In re General Motors LLC Ignition Switch Litigation, 80 F. Supp. 3d 521, 90 Fed. R. Serv. 3d 1084 (S.D. N.Y. 2015).

66 In re General Motors LLC Ignition Switch Litigation, 80 F. Supp. 3d 521, 90 Fed. R. Serv. 3d 1084 (S.D. N.Y. 2015).

67 In re General Motors LLC Ignition Switch Litigation, 80 F. Supp. 3d 521, 90 Fed. R. Serv. 3d 1084 (S.D. N.Y. 2015). (quoting *Upjohn Co.*, 449 U.S. at 393).

68 Thomas E. Spahn, *Internal Investigations: Attorney-Client Privilege and Work Product Doctrine: Overview*, *in* Practical Law Litigation (West 2023).

69 In re Allen, 106 F.3d 582, 603, 36 Fed. R. Serv. 3d 1196 (4th Cir. 1997).

70 *E.g.*, Alomari v. Ohio Dept. of Public Safety, 626 Fed. Appx. 558, 570, 2015 Fair Empl. Prac. Cas. (BNA) 190793 (6th Cir. 2015); *In re Cnty. of Erie*, 473 F.3d at 420 n.7.

71 *E.g.*, United States ex rel. Barko v. Halliburton Company, 37 F. Supp. 3d 1, 5 (D.D.C. 2014), stay pending appeal denied, 4 F. Supp. 3d 162 (D.D.C. 2014) and mandamus granted, vacated, 756 F.3d 754, 38 I.E.R. Cas. (BNA) 1109, 94 Fed. R. Evid. Serv. 1078, 94 Fed. R. Evid. Serv. 1129 (D.C. Cir. 2014).

72 *See* *In re Grand Jury*, 23 F.4th at 1092.

73 *Ignition Switch Litig.*, 80 F. Supp. 3d at 526 n.3.

74 *See* *Ignition Switch Litig.*, 80 F. Supp. 3d at 526 n.3 (discussing this possibility but finding that the parties consented to the application of federal law).

75 FED. R. EVID. 501; Pearson v. Miller, 211 F.3d 57, 66, 53 Fed. R. Evid. Serv. 1309 (3d Cir. 2000).

76 FED. R. EVID. 501; Dixon v. 80 Pine Street Corp., 516 F.2d 1278, 1280, 20 Fed. R. Serv. 2d 222 (2d Cir. 1975).

77 *Pearson*, 211 F.3d at 66.

78 *See* *Pearson*, 211 F.3d at 66.

79 *Pearson*, 211 F.3d at 66.

80 Wm. T. Thompson Co. v. General Nutrition Corp., Inc., 671 F.2d 100, 104, 1982-1 Trade Cas. (CCH) ¶ 64564, 9 Fed. R. Evid. Serv. 1505, 33 Fed. R. Serv. 2d 990 (3d Cir. 1982).

81 *Pearson*, 211 F.3d at 66. *But see* Platypus Wear, Inc. v. K.D. Co., Inc., 905 F. Supp. 808, 812, 34 Fed. R. Serv. 3d 190 (S.D. Cal. 1995) (applying state privilege law where evidence at issue only pertained to the state law claims and not to the federal claim).

82 KL Group v. Case, Kay & Lynch, 829 F.2d 909, 918, 23 Fed. R. Evid. Serv. 1257, 9 Fed. R. Serv. 3d 645 (9th Cir. 1987); *see also* WRIGHT AND MILLER ET AL., FEDERAL PRACTICE AND PROCEDURE, EVIDENCE § 5435 (1st ed.).

83 WRIGHT & MILLER, *supra* note 67, § 5435; *e.g.*, Pyramid Controls, Inc. v. Siemens Indus. Automations, Inc., 176 F.R.D. 269, 271 (N.D. Ill. 1997).

84 *See* Klaxon Co. v. Stentor Electric Mfg. Co., 313 U.S. 487, 497, 61 S. Ct. 1020, 85 L. Ed. 1477, 49 U.S.P.Q. 515 (1941); *see, e.g.*, Crider, Inc. v. Silgan Containers LLC, 2023 WL 479094, *8 (N.D. Tex. 2023).

85 WRIGHT & MILLER, *supra* note 67, § 5435; *e.g.*, Roberts v. Carrier Corp., 107 F.R.D. 678, 686–87 (N.D. Ind. 1985) (in an ancillary proceeding to depose a non-party conducted in a different district from the underlying litigation, the district court applied the privilege law of the state in which it sat rather than the privilege law of the state where the litigation was conducted, without regard to conflict of law principles).

86 *See* *Roberts*, 107 F.R.D. at 686–87; *see also* Harrisburg Authority v. CIT Capital USA, Inc., 716 F. Supp. 2d 380, 391–92 (M.D. Pa. 2010) (finding that Pennsylvania law governed the interpretation of a contract but New York law governed the scope of the attorney client privilege in a litigation related to the contract).

87 *See* *Harrisburg Auth.*, 716 F. Supp. 2d at 391–92.

88 *Harrisburg Auth.*, 716 F. Supp. 2d at 391.

89 *Harrisburg Auth.*, 716 F. Supp. 2d at 391.

90 *Harrisburg Auth.*, 716 F. Supp. 2d at 392.

91 *Harrisburg Auth.*, 716 F. Supp. 2d at 384–85, 391–92.

92 *Platypus Wear, Inc.*, 905 F. Supp. at 812–13 (applying California law based on choice of law provision in the contract subject to the lawsuit despite some choice of law principles implicating New Mexico law).

93 *See* *Ignition Switch Litig.*, 80 F. Supp. 3d at 526 n.3.

94 N. L. R. B. v. Sears, Roebuck & Co., 421 U.S. 132, 154, 95 S. Ct. 1504, 44 L. Ed. 2d 29, 89 L.R.R.M. (BNA) 2001, 1 Media L. Rep. (BNA) 2471, 76 Lab. Cas. (CCH) P 10803 (1975).

95 Boca Investerings Partnership v. U.S., 31 F. Supp. 2d 9, 11, 99-1 U.S. Tax Cas. (CCH) P 50182, 51 Fed. R. Evid. Serv. 106, 83 A.F.T.R.2d 99-2312 (D.D.C. 1998) (citing *Upjohn Co.*, 449 U.S. at 389–97; In re Sealed Case, 737 F.2d 94, 99, 1984-1 Trade Cas. (CCH) ¶ 66062, 15 Fed. R. Evid. Serv. 1811 (D.C. Cir. 1984); U.S. v. United Shoe Machinery Corp., 89 F. Supp. 357, 360 (D. Mass. 1950) (rejected by, American Standard Inc. v. Pfizer Inc., 828 F.2d 734, 3 U.S.P.Q.2d 1817 (Fed. Cir. 1987))).

96 *Neuberger Berman Real Est. Income Fund, Inc.*, 230 F.R.D. at 411–12 (citations omitted); *U.S. Postal Serv.*, 852 F. Supp. at 160 (noting that the privilege also "protects communications with in-house counsel as well as outside attorneys." (citing *Upjohn Co.*, 449 U.S. at 394)).

97 *E.g.*, Gucci America, Inc. v. Guess?, Inc., 271 F.R.D. 58, 70 (S.D. N.Y. 2010).

98 *See* *Ignition Switch Litig.*, 80 F. Supp. 3d at 528 (citing ABB Kent-Taylor, Inc. v. Stallings and Co., Inc., 172 F.R.D. 53, 55 (W.D. N.Y. 1996)).

99 *ABB Kent-Taylor, Inc.*, 172 F.R.D. at 55.

100 *ABB Kent-Taylor, Inc.*, 172 F.R.D. at 55.

101 *ABB Kent-Taylor, Inc.*, 172 F.R.D. at 55. (quoting Rossi v. Blue Cross and Blue Shield of Greater New York, 73 N.Y.2d 588, 542 N.Y.S.2d 508, 540 N.E.2d 703, 705 (1989)).

102 *Rossi*, 540 N.E.2d at 705.

103 *Rossi*, 540 N.E.2d at 705.

104 *See* *Upjohn Co.*, 449 U.S. at 392 ("The narrow scope given the attorney-client privilege by the court below not only makes it difficult for corporate attorneys to formulate sound advice when their client is faced with a specific legal problem but also threatens to limit the valuable efforts of corporate counsel to ensure their client's compliance with the law. In light of the vast and complicated array of regulatory legislation confronting the modern corporation, corporations, unlike most individuals, 'constantly go to lawyers to find out how to obey the law …'" (quoting Burnham, *The Attorney-Client Privilege in the Corporate Arena*, 24 BUS. LAW. 901, 913 (1969))); *see also* *Upjohn Co.*, 449 U.S. at 393 n.2 (noting the importance of the privilege to promote "the depth and quality of any investigations" to ensure compliance with the law).

105 *Fisher*, 425 U.S. at 403.

106 *Rossi*, 540 N.E.2d at 705.

107 *See* *Rossi*, 540 N.E.2d at 705.

108 *Rossi*, 540 N.E.2d at 705.

109 *Rossi*, 540 N.E.2d at 705.

110 *In re Allen*, 106 F.3d at 604; United States ex rel. Wollman v. Massachusetts General Hospital, Inc., 475 F. Supp. 3d 45, 64, 107 Fed. R. Serv. 3d 1053 (D. Mass. 2020).

111 *Rossi*, 540 N.E.2d at 705.

112 Spahn, *supra* note 52.

113 *See* Sandra T.E. v. South Berwyn School Dist. 100, 600 F.3d 612, 620, 255 Ed. Law Rep. 525 (7th Cir. 2010) (holding that attorney's "investigation of the factual circumstances surrounding" sexual abuse allegations in a school was privileged where prepared in anticipation of rendering legal services).

114 *Berwyn Sch. Dist. 100*, 600 F.3d at 619.

115 *Upjohn Co.*, 449 U.S. at 390–91.

116 *See, e.g.*, Saxholm AS v. Dynal, Inc., 164 F.R.D. 331, 335–36 (E.D. N.Y. 1996) (holding that draft patent applications, in which an attorney performed the same role as a "non-lawyer patent agent[]," copying technical information from a client and pasting it onto a form, were not privileged).

117 WRIGHT AND MILLER ET AL., FEDERAL PRACTICE AND PROCEDURE, EVIDENCE § 5478 (1st ed.).

118 WRIGHT AND MILLER ET AL., FEDERAL PRACTICE AND PROCEDURE, EVIDENCE § 5478 (1st ed.).

119 *See* Diversified Industries, Inc. v. Meredith, 572 F.2d 596, 610, 1977-2 Trade Cas. (CCH) ¶ 61591, 1978-1 Trade Cas. (CCH) ¶ 61879, 23 Fed. R. Serv. 2d 1473, 24 Fed. R. Serv. 2d 1201 (8th Cir. 1977) (rejected by, Republic of Philippines v. Westinghouse Elec. Corp., 132 F.R.D. 384, 17 Fed. R. Serv. 3d 1476 (D.N.J. 1990)) and (disapproved of by, U.S. v. Massachusetts Institute of Technology, 957 F. Supp. 301, 97-1 U.S. Tax Cas. (CCH) P 50269, 37 Fed. R. Serv. 3d 711, 79 A.F.T.R.2d 97-595 (D. Mass. 1997)) and (rejected by, In re Columbia/HCA Healthcare Corp. Billing Practices Litigation, 293 F.3d 289, 58 Fed. R. Evid. Serv. 1451, 53 Fed. R. Serv. 3d 789, 2002 Fed. App. 0201P (6th Cir. 2002)) and (rejected by, In re Oracle Securities Litigation, 2005 WL 6768164 (N.D. Cal. 2005)) (en banc) (holding that investigation into corporate slush fund used for bribes was privileged); *see also* *Mass. Gen. Hosp., Inc.*, 475 F. Supp. 3d at 65 (interpreting *Diversified Indus. Inc.*: "while interviews could have been conducted by lay investigators, and accountants could have done audit, 'neither would have had the training, skills and background necessary to make the independent analysis and recommendations which the Board felt essential to the future welfare of the corporation.'" (quoting *Diversified Indus. Inc.*, 572 F.2d at 610)); Marsh v. Safir, 2000 WL 460580, *12 (S.D. N.Y. 2000) ("[W]e do not doubt that an individual with legal training would be likely to review such documents from a somewhat different perspective. First the attorney is more likely to be familiar with the law governing sexual harassment and retaliation claims, and would therefore be likely to assess the evidentiary presentation with an eye to whether the evidence meets the relevant criteria.").

120 *See* Marsh v. Safir, 2000 WL 460580, *12 (S.D. N.Y. 2000); *see also* *Upjohn Co.*, 449 U.S. at 391 ("It is for the lawyer in the exercise of his independent professional judgment to separate the relevant and important from the irrelevant and unimportant.").

121 *In re Cnty. of Erie*, 473 F.3d at 419.

122 Payton v. New Jersey Turnpike Authority, 148 N.J. 524, 691 A.2d 321, 325, 73 Fair Empl. Prac. Cas. (BNA) 1149, 70 Empl. Prac. Dec. (CCH) P 44645 (1997).

123 *N.J. Turnpike Auth.*, 691 A.2d 321.

124 *N.J. Turnpike Auth.*, 691 A.2d at 334–35.

125 *N.J. Turnpike Auth.*, 691 A.2d at 334–35.

126 *N.J. Turnpike Auth.*, 691 A.2d at 335.

127 *See* *N.J. Turnpike Auth.*, 691 A.2d at 334.

128 *Allied Irish Banks*, 240 F.R.D. at 99–100.

129 *Allied Irish Banks*, 240 F.R.D. at at 101.

130 *Allied Irish Banks*, 240 F.R.D. at 101.

131 *Allied Irish Banks*, 240 F.R.D. at 101. ("[N]either AIB nor Wachtell has provided any evidence regarding the manner in which Wachtell's purported legal advice was provided to AIB—for example, orally or in writing—or on what dates."); *Allied Irish Banks*, 240 F.R.D. at 104 ("[T]he Court is left to

speculate as to when, where, how, to whom, and in what manner the purported legal advice was provided to AIB.").

132 *Allied Irish Banks*, 240 F.R.D. at 104.

133 *Allied Irish Banks*, 240 F.R.D. at 104.

134 *See* *In re Allen*, 106 F.3d at 604; *Mass. Gen. Hosp., Inc.*, 475 F. Supp. 3d at 64.

135 *Upjohn Co.*, 449 U.S. at 390–91 ("The first step in the resolution of any legal problem is ascertaining the factual background and sifting through the facts with an eye to the legally relevant.").

136 *Cf.* *Allied Irish Banks*, 240 F.R.D. at 104.

137 U.S. v. BDO Seidman, LLP, 492 F.3d 806, 815, 2007-2 U.S. Tax Cas. (CCH) P 50530, 100 A.F.T.R.2d 2007-5052 (7th Cir. 2007).

138 *See, e.g.*, AHF Community Development, LLC v. City of Dallas, 258 F.R.D. 143, 148 (N.D. Tex. 2009).

139 Jurisdictions vary as to the nomenclature of this doctrine. *See, e.g.*, *In re Teleglobe Commc'ns Corp.*, 493 F.3d 345, 363–64 (3d Cir. 2007) (referring to the exception as the Community-of-Interest Privilege).

140 *BDO Seidman*, 492 F.3d at 815.

141 *BDO Seidman*, 492 F.3d at 815.

142 *BDO Seidman*, 492 F.3d at 816.

143 Allied Irish Banks, P.L.C. v. Bank of America, N.A., 252 F.R.D. 163, 171 (S.D. N.Y. 2008).

144 *See* *Upjohn Co.*, 449 U.S. at 392 (explaining the purpose of the attorney-client privilege); *BDO Seidman*, 492 F.3d at 816 (justifying the common interest doctrine).

145 *BDO Seidman*, 492 F.3d at 816.

146 *In re Teleglobe*, 493 F.3d at 363–64.

147 *In re Teleglobe*, 493 F.3d at at 364.

148 *In re Teleglobe*, 493 F.3d at at 364.

149 Duplan Corp. v. Deering Milliken, Inc., 397 F. Supp. 1146, 1172, 184 U.S.P.Q. 775 (D.S.C. 1974).

150 *In re Teleglobe*, 493 F.3d at 365.

151 Cavallaro v. U.S., 153 F. Supp. 2d 52, 60, 88 A.F.T.R.2d 2001-6083 (D. Mass. 2001), judgment aff'd, 284 F.3d 236, 2002-1 U.S. Tax Cas. (CCH) P 50330, 52 Fed. R. Serv. 3d 761, 89 A.F.T.R.2d 2002-1699 (1st Cir. 2002).

152 U.S. v. Bergonzi, 216 F.R.D. 487, 495 (N.D. Cal. 2003) (citing In re Mortgage & Realty Trust, 212 B.R. 649, 653, 31 Bankr. Ct. Dec. (CRR) 566, 47 Fed. R. Evid. Serv. 1087, 38 Fed. R. Serv. 3d 337 (Bankr. C.D. Cal. 1997)).

153 *See, e.g.*, *Allied Irish Banks*, 252 F.R.D. at 168.

154 *BDO Seidman*, 492 F.3d at 816.

155 *Allied Irish Banks*, 252 F.R.D. at 171 (quoting Aetna Cas. and Sur. Co. v. Certain Underwriters at Lloyd's London, 176 Misc. 2d 605, 676 N.Y.S.2d 727, 732 (Sup 1998), aff'd, 263 A.D.2d 367, 692 N.Y.S.2d 384 (1st Dep't 1999)).

156 *BDO Seidman*, 492 F.3d at 816.

157 *Allied Irish Banks*, 252 F.R.D. at 817.

158 *In re Teleglobe*, 493 F.3d at 364.

159 *In re Teleglobe*, 493 F.3d at 364.

160 Bank of America, N.A. v. Terra Nova Ins. Co. Ltd., 211 F. Supp. 2d 493, 495, 498 (S.D. N.Y. 2002).

161 *In re Teleglobe*, 493 F.3d at 494.

162 *In re Teleglobe*, 493 F.3d at 494.

163 *In re Teleglobe*, 493 F.3d at 495.

164 *In re Teleglobe*, 493 F.3d at 497.

165 *In re Teleglobe*, 493 F.3d at 497.

166 *In re Teleglobe*, 493 F.3d at 497.

167 *In re Teleglobe*, 493 F.3d at 497.

168 *In re Teleglobe*, 493 F.3d at 497.

169 *In re Teleglobe*, 493 F.3d at 497.

170 *In re Teleglobe*, 493 F.3d at 497.

171 *See In re Teleglobe*, 493 F.3d at 497–98.

172 *In re Teleglobe*, 493 F.3d at 498 (quoting U.S. v. United Technologies Corp., 979 F. Supp. 108, 97-2 U.S. Tax Cas. (CCH) P 50721 (D. Conn. 1997)).

173 *BDO Seidman*, 492 F.3d at 813.

174 *BDO Seidman*, 492 F.3d at 813.

175 *BDO Seidman*, 492 F.3d at 813.

176 *BDO Seidman*, 492 F.3d at 813.

177 *BDO Seidman*, 492 F.3d at 808.

178 *BDO Seidman*, 492 F.3d at 816.

179 *BDO Seidman*, 492 F.3d at 816. (internal citation omitted).

180 *BDO Seidman*, 492 F.3d at 816.

181 *BDO Seidman*, 492 F.3d at 817.

182 *BDO Seidman*, 492 F.3d at 817.

183 *See* *BDO Seidman*, 492 F.3d at 817.

184 *Upjohn Co.*, 449 U.S. at 392.

185 *See* *Terra Nova Ins. Co.*, 211 F. Supp. 2d at 497–98.

186 *Terra Nova Ins. Co., 211 F. Supp. 2d at 497–98*.

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