Alert
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Intellectual Property Alert
COZEN O'CONNOR

Attorney-Client Privilege Can Protect Multi-Purpose Corporate Communications

A question that has vexed corporate litigants is whether communications between counsel (be it in-house or outside counsel) and a corporation's employees are protected from discovery under the attorney-client privilege if those communications serve multiple (e.g., legal and business) purposes. A June 19, 2018, decision from the Court of Appeals for the District of Columbia Circuit, *Federal Trade Commission v. Boehringer Ingelheim Pharmaceuticals, Inc.*, provides valuable insight in answering that question.

In 2008, Boehringer Ingelheim, a patentee/brand-name pharmaceutical company, and Barr Laboratories, Inc., a generic pharmaceutical company, entered into a reverse payment settlement agreement[1] resolving a patent infringement suit between them.

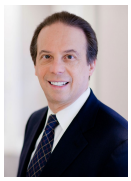
In 2009, the FTC began investigating the Boehringer-Barr settlement agreement to ensure that it complied with applicable antitrust laws. During the investigation, the FTC issued a subpoena to Boehringer, seeking documents related to the settlement. Boehringer withheld certain documents claiming that they were protected under the attorney-client privilege. The FTC sought to enforce the subpoena in the District of Columbia District Court to compel production of the withheld documents. The District Court sided with Boehringer, finding that the withheld documents were protected under the attorney-client privilege. The FTC appealed to the D.C. Circuit Court of Appeals.

The D.C. Circuit Court of Appeals noted that the attorney-client privilege protects "confidential communications between attorney and client if the communication was made for the purpose of obtaining or providing legal advice." And in a corporate setting, regardless of whether the attorney is an in-house attorney or outside counsel, the privilege "applies to communications between corporate employees and a corporation's counsel made for the purpose of obtaining or providing legal advice."

Complications arise when the purpose of the communication is not solely to obtain or provide legal advice. For example, what happens if the communication is also for business purposes? Such was the case in *Boehringer Ingelheim*, where communications had a legal purpose (ensuring that Boehringer complied with antitrust laws) and also served a business purpose (helping Boehringer negotiate a financially favorable settlement).

In *Boehringer Ingelheim*, the D.C. Circuit Court of Appeals used the so-called "primary purpose" test to determine whether Boehringer's withheld documents were privileged, explaining that "courts applying the primary purpose test should determine whether obtaining or providing legal advice was **one of** the significant purposes of the attorney-client communication" (citation and internal quotation omitted; emphasis added by the court). Using that test, and despite finding that "the communications at issue here also served a business purpose," because the withheld communications: (1) involved the transmission of factual information[2] from Boehringer employees to Boehringer's general counsel and were prepared and sent to the general counsel at the general counsel's request to assist her in formulating and providing legal advice regarding a possible settlement; or (2) reflected communications between Boehringer's general counsel and Boehringer executives regarding the possible settlement of the Boehringer-Barr litigation, the D.C. Circuit Court of Appeals affirmed the District Court's judgment, as the "District Court correctly concluded [that] one of the significant purposes of these communications was to obtain or provide legal advice."

Boehringer Ingelheim provides an important reminder that whether a document is privileged



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depends on the purpose for which it was created. Before producing documents in a litigation, to maintain attorney-client privilege, counsel should determine whether a significant purpose of the communication was to obtain or provide legal advice, even if there were other business reasons for the communication.

To discuss any questions you may have regarding the issues discussed in this Alert please contact Martin Pavane at (212) 883-4994 or mpavane@cozen.com or Darren Mogil at (212) 883-4976 or dmogil@cozen.com.

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[1] In a reverse payment settlement agreement, the patentee pays the accused infringer and the accused infringer agrees to stay off the market until some future date. In *FTC v. Actavis, Inc.*, 570 U.S. 136, 156, 158 (2013), the Supreme Court explained that "[w]here a reverse payment reflects traditional settlement considerations, such as avoided litigation costs or fair value for services," the reverse payment settlement may be lawful. However, "[i]f the basic reason [for the reverse payment agreement] is a desire to maintain and to share patent-generated monopoly profits, then, in the absence of some other justification, the antitrust laws are likely to forbid the arrangement."

[2] The court was careful to emphasize that "the attorney-client privilege 'only protects disclosure of communications; it does not protect disclosure of the underlying facts by those who communicated with the attorney.' In this case, therefore, the attorney-client privilege did not and does not prevent the FTC's discovery of the underlying facts and data possessed by Boehringer and its employees" (quoting *Upjohn Co. v. United States*, 449 U.S. 383, 395 (1981)).