The Evolving Common Interest Privilege

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As complex trademark litigation gets more complex, parties at the document-production stage often find themselves with a unique species of documents on their hands: communications between or among lawyers on the same "side" of a legal issue, made before or during litigation. Such contacts may arise, for example, in a case where a defendant is accused of widespread counterfeiting of different trademarks whose owners are represented by different counsel. Or it may occur in the context of cooperation between trademark counsel and law enforcement authorities, such as the U.S. Customs Service. The inclination to log these documents as privileged and withhold their production is strong. But to make the best use of the so-called "common interest privilege," it is important to truly understand its parameters not only at the document production stage, but even before litigation begins.

Fourteen years ago, Wright and Graham, in 24 Federal Practice and Procedure (1986), treated what they referred to as the "allied lawyer privilege" with considerable skepticism. They analyzed it under the aegis of rejected Fed. R. Evid. 503(b)(3), which would have codified the privilege. This provision was declined by the Judicial Conference. Id. at 460 (§5493). The authors also maintained that Wigmore himself, the dean of evidence law, is silent regarding the privilege, and that only a handful of cases, almost all involving criminal defendants, supported it.

In the 2000 supplement to the hardcover version of their work, Wright and Graham are no friendlier, disparaging any attempt to wed the allied lawyer doctrine, joint client exception (where two clients share the same lawyer) and work product doctrine "into something that resembles a separate privilege called 'the common interest privilege.'" Id. (2000 pocket part) at 121 (citations omitted).

What's more, notwithstanding their disdain for the concept, Wright and Graham note that, "[h]aving lost its proper moorings in the privilege, the doctrine is spreading like crabgrass to areas the drafters of the Rejected Rule could hardly have imagined . . ." Id., n. 91. Obviously, the disapproval of Wright and Graham doesn't amount to a hill of beans if the courts don't share their view -- which appears to be the case.

Under Fed. R. Evid. 501, the determination of a privilege issue is a matter of Federal common law (as in any Lanham Act case) where the underlying claims are based on federal substantive law. This is the case even where, as is typical in a trademark case, there may also be supplemental, or pendent, state law claims. In re Combustion, Inc. 161 F.R.D. 51 (W.D. La. 1995).

What do the Federal courts say about the common interest privilege? A Mark Auction, Inc. v. American Numismatic Ass'n., 1999 U.S. Dist. LEXIS 15192 (N.D. Texas 1999) is one recent case that recognizes the existence of this privilege. The court in A Mark writes that although disclosure of an attorney-client communication to a third party normally breaches the seal of privilege as to that communication, "[t]he attorney client privilege is preserved, however, when the privileged communication is shared with a third party who has a common legal interest with respect to the subject matter of the communication." Id. at *11. In A Mark, the privilege was found not to apply, however, because the third party was not involved in any pending action. The asserted common interest was not truly legal, but commercial, the court found.

Thus, as a practical matter, the lesson of A Mark is that trademark counsel must restrict communications that it wants to avoid disclosing in a litigation only to actual legal allies.

It is possible, and perhaps, given the objections of Wright and Graham, likely, that the "common interest" privilege we are discussing here may in fact be nothing more than another name for the traditional joint defense privilege. The following definition of the joint defense privilege, also from the Eastern District of Texas, sounds almost exactly the same as the definition quoted above:

> The joint defense privilege extends the attorney client privilege to any third party made privy to privileged communications if that party has a common legal interest with respect to the subject matter of the communication. This privilege encompasses shared communications between various co-defendants, actual or potential, and their attorneys, prompted by threatened or actual, civil or criminal proceedings, to the extent that they concern common issues and are intended to facilitate representation in possible subsequent proceedings, or whenever the communication was made in order to facilitate the rendition of legal services to each of the clients involved in the conference.

Aiken v. Texas Farm Bureau Mut. Ins. Co. , 151 F.R.D. 621 (E.D. Texas 1993) (citations and internal quotes omitted). Putting these two standards for purportedly different privileges next to each other, it appears that the label is less important than the standard.

Often, the question may come down to the definition of waiver, because disclosure to the common-interest party is arguably a waiver of privilege. One widely cited case analyzes the question as follows:

> [W]aiver by implication involves two basic elements. The first is subjective: Does the person holding the right to claim the privilege intend to waive it? The second element is objective: Is it fair and consistent with the assertion of the claim or defense being made to allow the privilege to be invoked? This objective determination should be based upon whether the position taken by the party goes so far into the matter covered by the privilege that fairness

> requires the privilege shall (terminate) when, subjectively, he never intended the result.

United States v. Woodall, 438 F.2d 1317, 1324 (5th Cir. 1970), cert. denied, 403 U.S. 933, 91 S. Ct. 2262, 29 L. Ed. 2d 712 (1972). Under this formulation, it must be shown by the party seeking to withhold discovery (and who always bears the burden of asserting the privilege) (1) that there was no intention to breach the attorney client barrier when the communication was made, and (2) that there is no particularly compelling fairness rationale as to why the discovery should now be made. (Ironically, Woodall cites Wigmore – the expert whose silence on the subject was cited by Wright and Graham as evidence of the concept's lack of authority.)

Notably, the court's apparently plain language requiring a showing of intent has been interpreted by the Ninth Circuit as support for the proposition that intention is not necessary for waiver. Inadvertent disclosure or even implied waiver may be enough. Weil v. Investment/Indicators, Research & Management, 647 F.2d 18, 24 (9th Cir. 1981). This seems to be the predominant rule.

Alternatively, where "common interest" is the essence of the basis for withholding production, it may sometimes be appropriate to assert the work product privilege. The benefit of going this route is that the work product privilege can be harder to waive than the attorney-client privilege. "Given the purpose of the work product privilege, mere voluntary disclosure to a third person is insufficient in itself to waive it. The touchstone of inquiry seems to be whether the prior disclosure had been made to a present adversary: if not, the privilege survives." Aiken, id. at 623 (citations and internal quotes omitted). The Aiken court relied largely on the District of Columbia Circuit Court of Appeals decision in United States v. AT&T, 642 F.2d 1285 (D.C. 1980), an extremely helpful case that seems to cobble together work product and common interest.

In AT&T, the court ruled -- after considering both supportive and contrary authority -- that providing documents to the government in a matter that parallels civil litigation (in this case, antitrust litigation) may waive the attorney-client privilege, but does not waive the work product privilege as against the adversary in the given pending case. Id. at 49-50. The court wrote as follows:

> In the present case, MCI shares common interests with the United States, in the sense that they are proceeding on overlapping antitrust issues against a common adversary, AT&T. The United States and MCI shared common interests in developing legal theories and analyses of documents on which to proceed on those issues where they both made the same antitrust claims against AT&T. Moreover, the Northern District of Illinois court order authorizing the transfer of the database documents also ordered the Government to maintain their confidentiality. This transfer is consistent with the promotion of trial

> preparation within the adversary system. Further, because of the Government's interests adverse to AT&T on these issues, the transfer poses very little likelihood of AT&T gaining access to the documents through the United States.

Id. (footnotes omitted). Based on the rule of AT&T, it seems likely that, in the Fifth and D.C. Circuits at least, communications with government officials such as U.S. Customs officials and prosecutors can be withheld from discovery -- though exactly what privilege to assert in doing so remains unclear.

Keeping these standards in mind does not necessarily lend itself to an easy checklist of how to avoid producing "common interest" discovery. Both the nomenclature and the practical jurisprudence are still evolving. Just knowing that this is a gray area, however, can have a salutary effect. Knowledgeable trademark counsel should avoid written communications that may end up being deemed waivers of confidences or at least limit the extent of client confidences expressed in those communications. As unpleasant as it may be to have to consider the memorialization of such communications with an eye to future audiences, such as adversaries, judges and jurors, it is ultimately best, at least before litigation is under way and no judge is available to rule, to treat written communications with allies the same way you would communications with any other third party: as a potential exhibit.