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Privileged Communications in the Corporate Counsel Setting

Bridget Marks*

I. INTRODUCTION

When Gucci America, Inc. ("Gucci") filed a trademark infringement suit against Guess?, Inc. ("Guess") in 2009, both the fashion and legal worlds quickly seized upon the case. In the fashion realm, many were shocked by the seemingly blatant attempts by Guess to utilize Gucci's long-standing emblems.1 In the legal realm, many were shocked to find out in the initial phases of the suit that Gucci's lead in-house counsel attorney, Jonathan Moss ("Moss"), did not have an active bar membership anywhere in the country.2 Perhaps even more shocking was Gucci's complete ignorance of this fact.3 Moss' lack of an active bar membership became a central contentious point when Guess demanded that Gucci turn over numerous communications during the discovery phase.4 Additionally, the case posed interesting issues of how to treat communications to and from international affiliate legal departments, specifically when the person making the communications was a legal assistant and not an attorney.5 These issues were presented to Judge Scheindlin of the United States District Court for the Southern District of New York, who referred the matter to a magistrate judge, Judge Cott.6 In Gucci I, Judge Cott ruled that some of the international communications were protected under the attorney-client privilege and the work product doctrine, while other communications by the same assistant were not protected.7

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* J.D., DePaul University College of Law; B.A., Carleton College.
3. Id.
4. Id.
Cott also ruled that Moss could not be protected by the attorney-client privilege. In *Gucci II*, Judge Scheindlin ultimately upheld Judge Cott's rulings on the international communications but overturned his ruling concerning the application of the attorney-client privilege to Moss.

This Comment focuses on the ultimate outcome in *Gucci v. Guess*, specifically the applicability of the attorney-client privilege and the work product doctrine to in-house counsel attorneys. Part II of this Comment explains background information and the current state of the common law on each of these doctrines. These broad doctrines have many facets; for the purpose of brevity, this Comment focuses on the basics of these doctrines and the special issues that arise under them in relation to corporate counsel settings.

Following a brief review of background information, this Comment discusses the pertinent facts surrounding the *Gucci* litigation, including the litigation's advancement through the courts. This section also includes background information on two of the key players in this discussion: Moss and Vanni Volpi ("Volpi"). This Comment then delves into a dissection of the ultimate rulings on the five different issues raised pertaining to the allegedly privileged documents. While several of the rulings uphold the underlying purpose behind the privilege doctrines, other rulings undermine these doctrines.

Following the analysis of the holdings in *Gucci I* and *Gucci II*, this Comment discusses how the decisions reached will affect corporate legal departments in the future. Finally, this section is followed by a brief conclusion.

II. BACKGROUND

A. Attorney-Client Privilege

Recognized as one of the oldest privileges for confidential communications, the attorney-client privilege is well established in the United States. The Supreme Court has relied on the attorney-client privilege in cases as early as 1888, stating 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." Modern

8. *Id.*
courts state that the purpose of the attorney-client privilege "is to encourage full and frank communication between attorneys and their clients and thereby promote broader public interests in the observance of law and administration of justice." The doctrine arose from two basic tenets in the legal profession: sound legal advice and advocacy go towards the public ends, and thorough legal advice depends upon how much information a client conveys to his attorney. An attorney cannot effectively advocate for his client unless the attorney knows "all that relates to the client's reasons for seeking representation." Therefore, the purpose of the attorney-client privilege is to "encourage clients to make full disclosure to their attorneys." 

In order to invoke the attorney-client privilege, a party must show "(1) a communication between client and counsel that (2) was intended to be and was in fact kept confidential, and (3) was made for the purpose of obtaining or providing legal advice." Furthermore, the privilege rests solely with the client, not the attorney. Therefore, on the one hand, the client must actively claim the privilege, and, on the other hand, the client must not waive the privilege. The burden of proof for each of these elements rests on the party claiming the benefit of the privilege.

Although the attorney-client privilege holds a prominent place in the law, the doctrine is construed narrowly because it effectively renders relevant information undiscoverable. The Supreme Court has made it clear that the privilege applies only to communications and not to the underlying facts. For example, a client on the witness stand cannot be compelled to answer, "What did you say or write to your attorney?" However, the same witness cannot claim a privilege when asked about any relevant fact within his knowledge simply because he included that fact in a communication to his attorney.

Several issues arise with the application of the attorney-client privilege, particularly in business law situations in which the client is a corporation. Although the idea of a corporation as an individual is a

13. Id.
16. In re Cnty. of Erie, 473 F.3d 413, 419 (2d Cir. 2007).
18. Id.
20. In re Cnty. of Erie, 473 F.3d at 418.
22. Id. at 396.
23. Id. at 389.
legal fiction, courts rely on this theory when applying the attorney-client privilege. The Supreme Court has long assumed that the attorney-client privilege applies when the client is a corporation. However, the federal appellate courts have attempted to restrict the application of the attorney-client privilege by applying the privilege only in situations in which certain people who personify the corporation relay information to an attorney. The Supreme Court has shifted the focus of this inquiry to whether the information relayed to the attorney assists the attorney in providing sound legal advice: "The 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." This approach, sometimes referred to as the "subject matter" test, applies the attorney-client privilege to an employee's communication if:

1. the communication was made for the purpose of securing legal advice;
2. the employee making the communication did so at the direction of his corporate superior;
3. the superior made the request so that the corporation could secure legal advice;
4. the subject matter of the communication is within the scope of the employee's corporate duties; and
5. the communication is not disseminated beyond those persons who, because of corporate structure, need to know its contents.

In order to gather all relevant legal information, an attorney may need to speak with employees who are closer to the ground floor and hold specific knowledge. While the federal appellate courts would have previously held these communications unprivileged and subject to discovery in litigation, the Supreme Court has ruled that such communications are protected by the attorney-client privilege and, therefore, shielded from discovery.

Another issue with the application of the attorney-client privilege to business law arises in the context of a corporation's in-house counsel. In-house counsel can serve as either a client (when communicating with outside counsel) or as an attorney-legal advisor (when communicating with corporate personnel). Although communications be-

24. Id. at 389–90.
27. Id.
29. Upjohn, 449 U.S. at 391.
30. Id. at 397.
tween non-legal corporate personnel and in-house counsel are afforded the same privileged protections as communications with outside counsel, all of the elements of the attorney-client privilege must nonetheless be met for the privilege to apply. Specifically, the third element—that the communication must be "made for the purpose of obtaining or providing legal advice"—becomes contentious when applying the privilege to in-house counsel communications. In order to meet this element, a party must be careful to note that the communications were made for "legal" advice rather than "business" advice, the latter of which is not covered by the privilege. As such, typical, everyday types of communications between corporate personnel and in-house counsel cannot be shielded from discovery under the attorney-client privilege.

When a communication is made to someone performing duties at the behest of counsel, rather than directly to an attorney, further attorney-client privilege issues arise. In United States v. Kovel, the Second Circuit extended the privilege to protect communications from a client to an accountant who was assisting the attorney in representing the client. The privilege has since been extended to include individuals who assist attorneys in providing legal services, including "secretaries and law clerks" as well as "investigators, interviewers, technical experts, accountants, physicians, patent agents, and other specialists in a variety of social and physical sciences." This extension of the attorney-client privilege’s application arose from the recognition that third parties often serve to clarify information and facilitate communication between an attorney and his client. However, the communication at issue must still meet all of the elements of attorney-client privilege, meaning that the advice ultimately sought must still be the attorney's legal opinion.

The geographic expansion of corporations beyond national borders has created another common issue when determining the applicability

33. Id.
34. Id.
35. Id.
of the attorney-client privilege to in-house counsel communications.\textsuperscript{41} While attorneys may be familiar with legal precedence in the United States, foreign jurisdictions vary greatly on the application of the attorney-client privilege to in-house counsel communications.\textsuperscript{42} This becomes a concern as attorneys within a multinational corporation often need to communicate with personnel around the world on numerous legal issues.\textsuperscript{43} These attorneys need to be aware of which country's law applies because many countries do not provide the same level of attorney-client protection as the level afforded in the United States.\textsuperscript{44} While certain "countries extend the privilege to corporate attorneys, some jurisdictions withhold the privilege, and still other nations qualify the privilege for in-house counsel."\textsuperscript{45}

B. Work Product Doctrine

The basic tenet of the work product doctrine is to protect an attorney's personal work made for litigation from discovery.\textsuperscript{46} The doctrine is codified in the Federal Rules of Civil Procedure Rule 26(b)(3)(A): "Ordinarily, a party may not discover documents and tangible things that are prepared in anticipation of litigation or for trial by or for another party or its representative (including the other party's attorney, consultant, surety, indemnitor, insurer, or agent)."\textsuperscript{47} The rules go on to state that an exception exists when a party has a "substantial need" for the items sought in order to prepare properly for its case and cannot, "without undue hardship," get the information via some other way.\textsuperscript{48} A substantial need exists "where the information sought is 'essential' to the party's defense, is 'crucial' to the determination of whether the defendant could be held liable for the acts alleged, or carries great probative value on contested issues."\textsuperscript{49}

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 strategies 'with an eye toward litigation,' free from unnecessary intru-

\textsuperscript{42} Id.
\textsuperscript{43} Id.
\textsuperscript{44} Id. at 147.
\textsuperscript{45} Id.
sion by his adversaries." A heightened degree of protection is afforded to an attorney's personal opinion work product, which includes items such as "interviews, statements, memoranda, correspondence, briefs, [and] mental impressions." On the other hand, while factual material in an attorney's work product is also protected under the work product doctrine, it is not afforded the heightened protection of opinion work products.

The work product doctrine restricts discovery of "(1) a document or tangible thing, (2) that was prepared in anticipation of litigation, and (3) was prepared by or for a party, or by or for his representative." The burden of proof for meeting these elements lies with the party asserting the privilege. Parties often focus on the second element—that the privileged document was prepared in "anticipation of litigation." In order to meet the burden of proof, a party must show that "in light of the nature of the document and the factual situation in the particular case, the document can fairly be said to have been prepared or obtained because of the prospect of litigation." A document prepared merely because of the possibility of litigation is insufficient for meeting the required standard. This especially becomes an issue in business settings, specifically for in-house counsel, because documents ordinarily prepared in the course of business and documents that would have been prepared even absent the prospect of litigation are not protected by the work product doctrine.

As opposed to the attorney-client privilege, the work product doctrine does not require that documents be prepared by an attorney in order to be afforded protection. Rather, the work product doctrine only requires that the documents be prepared "in anticipation of litigation." As such, the Supreme Court recognized in United States v. Nobles that "attorneys often must rely on the assistance of investigators and other agents in the compilation of materials in preparation for trial," meaning that the work product doctrine "protect[s] material[s] prepared by agents for the attorney as well as those prepared by

52. Adlman, 134 F.3d at 1197.
54. Id. at 74.
55. Id.
56. Adlman, 134 F.3d at 1202 (emphasis in original).
58. Adlman, 134 F.3d at 1202.
60. FED. R. CIV. P. 26(b)(3)(A).
the attorney himself." The Supreme Court’s extension of the work product doctrine in *Nobles* is consistent with the underlying purpose of the doctrine: “‘prevent[ing] exploitation of a party’s efforts in preparing for trial’ by precluding the adversary from obtaining such material absent substantial need.” This extension of the doctrine has been applied to protect the work of those “enlisted by legal counsel to perform investigative or analytical tasks to aid counsel in prepara[tion] for litigation,” such as a private investigator hired by counsel to prepare a report.

### III. SUBJECT OPINION: GUCCI v. GUESS

In 2009, the well-established, high-end fashion and leather goods affiliate of the Italian designer, Gucci America, Inc. (“Gucci”), filed a trademark infringement suit in the Southern District of New York against Guess?, Inc. (“Guess”), a lower-end American clothing brand line. Gucci alleged that Guess sold items with “studied imitations of the Gucci trademarks,” and, in some interesting word play in the complaint, that Guess attempted to “Gucci-fy” its product line by infringing on several of Gucci’s patents. Specifically, Gucci alleged that Guess infringed on five of its trademarked designs: (1) a “repeating Guess Quattro G pattern;” (2) an “interlocking G” design; (3) a green-red-green stripe pattern for handbags and luggage; (4) the “interlocking G” design in addition to a diamond; and (5) a “stylized G.” Ultimately, the court found in mid-2012 that Guess had infringed on several of Gucci’s patents and awarded Gucci $4.6 million in damages. While the case gained notoriety within the fashion world for its ultimate finding of trademark infringement, the case also gained notoriety in the legal world, albeit for a different reason.

During the initial discovery, Gucci submitted a privilege log that listed relevant legal documents that Gucci claimed were privileged
and, therefore, not subject to discovery. The privilege log contained communications to and from both Moss, Gucci’s in-house counsel based in the United States, and Volpi, a legal assistant based in Italy for Gucci’s Italian affiliate, Guccio Gucci ("GG"). Despite Gucci’s claims that the communications were protected from discovery under both the attorney-client privilege and the work product doctrine, Guess demanded production of the communications. Gucci sought a protective order under Rule 26(c) of the Federal Rules of Civil Procedure to prevent disclosure of the Moss and Volpi communications.

While claiming privileges in order to protect legal communications is a norm in modern corporate litigation, this case presented several unique elements. First, Gucci and Guess disagreed on the applicability of American privileges to legal documents for Volpi’s communications. Second, Judge Cott addressed whether the attorney-client privilege and the work product doctrine could be applied to Volpi as he was not a licensed attorney. Third, and perhaps the largest legal issue, Gucci quickly discovered during the initial litigation that Moss did not have an active bar membership, leading Guess to argue that the attorney-client privilege did not apply to Moss’ communications.

These issues were initially presented to Judge Scheindlin, a federal district court judge for the Southern District of New York. Judge Scheindlin referred these procedural issues to Judge Cott, a magistrate judge, who made a ruling on all of the issues. Judge Scheindlin reviewed Judge Cott’s rulings, upholding in part and overturning in part. This Comment will refer to Judge Cott’s opinion as Gucci I and Judge Scheindlin’s opinion as Gucci II.

A. Vanni Volpi

Volpi was hired in 2006 as “Intellectual Property Counsel” for GG, Gucci’s Italian affiliate. Despite this title, Volpi did not have a juris doctorate and was never a licensed attorney. However, he studied law for a combined total of five years at both the University of Pisa

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69. Id. at 61.
70. Id.
71. Id.
73. Id.; Gucci, 271 F.R.D. at 81.
76. Id.
and the University of Paris.\textsuperscript{77} Prior to working for GG, Volpi worked as an intellectual property specialist in both the Chanel and Louis Vuitton legal departments.\textsuperscript{78} As such, Volpi "consider[ed] himself to be a trained legal professional in the field of intellectual property" as he worked for approximately ten years as an intellectual property specialist in those legal departments.\textsuperscript{79} Volpi also "received the In-House Counsel of the Year award by World Trade Review, an international, intellectual property trade publication."\textsuperscript{80}

One of Volpi's duties at GG was to assist in "managing GG's trademark protection and enforcement efforts in every country in which GG owned trademarks," which involved over seventy countries.\textsuperscript{81} In order to complete this task effectively, Volpi had to communicate with other legal professionals and personnel who worked for GG affiliates, "customs and border patrol agencies, law enforcement, and outside counsel in an effort to coordinate global enforcement of GG's trademark portfolio."\textsuperscript{82}

Daniella Delia Rosa ("Delia Rosa") supervised Volpi and the rest of the twenty-member in-house counsel team at GG.\textsuperscript{83} Delia Rosa was the only person in the legal department at GG who was a bar-admitted attorney, having been admitted to the bar in New York, Italy, and Belgium.\textsuperscript{84} Despite the fact that staff members were not licensed attorneys, GG relied heavily on them to "provide substantive advice regarding intellectual property matters."\textsuperscript{85} For example, Volpi often provided advice on intellectual property issues.\textsuperscript{86} However, during litigation, Gucci stated that Volpi did not make "important legal decisions" or provide "legal advice without first consulting Delia Rosa."\textsuperscript{87} In addition to his daily communications with Delia Rosa, Volpi also "perform[ed] certain functions autonomously."\textsuperscript{88}

Volpi began an investigation in March 2008, under Delia Rosa's instructions, into Guess' alleged infringement of GG trademarks in It-
In the course of his investigation, Volpi communicated with various outside advisors, both in the United States and Italy, as well as with other personnel at international Gucci affiliates. Volpi conveyed the results of the investigation to Delia Rosa, who decided to coordinate with GG affiliates worldwide to commence a trademark infringement action against Guess in Italy. In November 2008, Volpi traveled to New York to discuss the results of his investigation with Gucci's in-house and outside counsel, as well as with other Gucci personnel, as Gucci was considering filing a parallel action in the United States. Before filing suit, Gucci decided to conduct a deeper investigation into Guess's alleged infringement. Volpi continued his investigation and, between November 2008 and April 2009, Volpi further communicated with outside advisors in both the United States and Italy, as well as with personnel at Gucci affiliates worldwide. Volpi also took on a supervisory role over other staff in GG's in-house counsel team who assisted in the investigation.

B. Jonathan Moss

Moss graduated from Fordham Law School in 1993 and passed the California Bar Examination later that same year. On September 1, 1996, Moss decided to set his California Bar status to inactive. Moss remained an inactive member of the California bar and continued to pay a required annual fee to maintain his inactive status.

Gucci hired Moss in 2002 as a legal associate. At that time, Gucci was aware that Moss had a law degree, but no one at Gucci ever "investigated Moss' status as a practicing attorney or his qualifications to practice law." Although Gucci later asserted during trial that the corporation did not initially hire Moss to perform legal services, within months of being hired, Moss filed a pro hac vice motion in U.S. 89. Gucci, 271 F.R.D. at 63.
90. Id.
91. Id.
92. Id. at 63–64.
93. Id. at 64.
94. Gucci, 271 F.R.D. at 64.
95. Id.
97. Id.
98. Id.
Bankruptcy Court. Moss was promoted in 2003 to Legal Counsel, again in 2005 to Director of Legal Services, and again in 2008 to Vice President, Director of Legal and Real Estate. During his time at Gucci, Moss had provided numerous and various legal services including “appearing before courts and administrative agencies, filing trademark applications, handling employment matters, and negotiating leases.” On the trademark applications, Moss was listed as an “attorney-at-law and member of the Bar of California.”

With the initiation of the lawsuit against Guess, it quickly came to light that Moss was not an active member of any bar. Moss was subsequently fired by Gucci in 2010.

IV. ANALYSIS

In breaking down the many unique aspects in the application of the attorney-client privilege and work-product doctrine in this case, Judge Cott in Gucci I ultimately gave rulings on what he determined were five different issues; in Gucci II, Judge Scheindlin later upheld the rulings on four of the issues and overturned the ruling on the fifth issue. Gucci I addressed the numerous communications by dividing them into three distinct sections: (1) Volpi’s pre-October 2008 communications; (2) Volpi’s post-October 2008 communications; and (3) Moss’ communications. This Comment will address each of the five issues that touch on these different sections of communications.

A. The Volpi Communications “Touch Base” With the United States, Such That American Law Governs the Attorney-Client Privilege

Under Rule 501 of the Federal Rules of Evidence, questions of privilege are “governed by the principles of the common law.” Common law involves choice-of-law questions. Because Volpi was based in Italy and communicated with legal professionals around the world, the court had to address the issue of which law to apply in deciding whether to grant protection to his communications. Both

103. Id. at *8–9.
104. Hamblett, supra note 99.
105. Rabiner, supra note 2.
106. Id.
108. FED. R. EVID. 501 advisory committee’s notes.
110. Id.
Gucci and Guess agreed that Volpi's communications involved foreign law; however, they disagreed on which country's law should apply.\textsuperscript{111} Gucci advocated for the application of American law, which affords in-house counsel communications the same attorney-client privilege as communications with outside counsel.\textsuperscript{112} Guess argued that Italian law should apply because (1) Volpi was located in Italy, (2) his emails were on Italian servers, and (3) the communications related to the litigation in Italy.\textsuperscript{113} Italian law uses a different standard for in-house counsel attorney-client privileges, which results in less protection for such communications.\textsuperscript{114}

The court in \textit{Gucci I} applied the “touch base” approach, which assists courts in determining which country’s law applies when deciding privilege claims involving foreign documents.\textsuperscript{115} The touch base approach focuses on the country with the “dominant interest in determining whether the communications in question should be treated as confidential,” reasoning that that country was “the place where the allegedly privileged relationship was entered into.”\textsuperscript{116} The laws of the country with the predominant interest are then applied as the choice of law.\textsuperscript{117} Courts have interpreted this predominant interest standard to mean that when communications concern legal actions in the United States, American law will apply, but when communications concern legal actions in another country, the other country’s laws will apply.\textsuperscript{118} “[C]ommunications relating to legal proceedings in the United States, or that reflect the provision of advice regarding American law, ‘touch base’ with the United States and, therefore, are governed by American law, even though the communication may involve foreign attorneys or a foreign proceeding.”\textsuperscript{119}

\textsuperscript{111} Id.
\textsuperscript{112} Id.
\textsuperscript{113} Id.
\textsuperscript{114} Gucci, 271 F.R.D. at 64. American law allows for broader protection of in-house counsel attorney-client privilege while Italian law is much narrower in its scope, affording hardly any such protection for in-house counsel.
\textsuperscript{115} Id.
\textsuperscript{116} Id.
\textsuperscript{118} Id. at 522.
\textsuperscript{119} Gucci, 271 F.R.D. at 65.
Gucci argued that Volpi's communications touched base with American law because Volpi was involved in a global litigation strategy, which resulted in the filing of lawsuits in both Italy and the United States.\(^{120}\) Guess argued that Volpi's communications touched base with Italian law because his emails were maintained on a server in Italy, and the communications related to the litigation in Italy.\(^{121}\) Judge Cott in *Gucci I* sided with Gucci and held that both the pre-October 2008 and the post-October 2008 communications by Volpi touched base with the United States, and, therefore, American law applied.\(^{122}\) Judge Cott reasoned that both sets of communications involved contact with American counsel about possible trademark infringement actions to be filed in the United States.\(^{123}\) Judge Cott also reasoned that:

> Although Italy may have an interest in the communications, none of the documents reflect that advice was requested or rendered regarding Italian law. At best, Italy's interest in the Volpi communications may be considered equal to that of the United States. Such interest does not trump that of the United States in applying its laws to communications concerning the conduct of an action pending in a United States court . . . .\(^{124}\)

**B. Attorney-Client Privilege Extends to the Post-October 2008 Communications of Vanni Volpi Because he Acted as an Agent of Delia Rosa During that Time Period**

In order to invoke the attorney-client privilege, a party must show: "(1) a communication between client and counsel that (2) was intended to be and was in fact kept confidential, and (3) was made for the purpose of obtaining or providing legal advice."\(^{125}\) The attorney-client privilege may be extended to an agent of the attorney when the agent's sole role is to assist the attorney in representing the client.\(^{126}\)

*Gucci I* held that, for the purpose of the post-October 2008 communications, Volpi was acting as an agent of Delia Rosa and, therefore, those communications are protected under the attorney-client privilege.\(^{127}\) Judge Cott pointed out that Volpi acted at Delia Rosa’s direction and continuously communicated with Delia Rosa at each step of

\(^{120}\) *Id.*

\(^{121}\) *Id.* at 66.

\(^{122}\) *Id.*

\(^{123}\) *Id.*

\(^{124}\) *Gucci*, 271 F.R.D. at 67.

\(^{125}\) *Id.* at 70 (quoting *In re Cnty. of Erie*, 473 F.3d 413, 419 (2d Cir. 2007)).

\(^{126}\) United States v. Kovel, 296 F.2d 918, 921 (2d Cir. 1961).

\(^{127}\) *Gucci*, 271 F.R.D. at 71.
the investigation. Judge Cott relied heavily on the fact that Volpi was not acting in an autonomous role post-October 2008 but, rather, was "deputized" in his information-gathering role.

Guess argued that the post-October 2008 communications were not privileged because Volpi did not possess "'highly specialized knowledge' that assists the attorney in representing the client" and that Volpi was not performing ministerial tasks, which are two standards in the Kovel test for applying attorney-client privilege to an agent's work. Judge Cott responded that Guess had construed an overly rigid form of the Kovel test. Rather, Gucci I stated that "'[c]ommunications among non-attorneys in a corporation may be privileged if made at the direction of counsel, to gather information to aid counsel in providing legal services.'"

Responding to Guess's argument that Volpi's post-October 2008 communications should not be privileged because he was not a licensed professional, Judge Cott found that the fact that Volpi was not a licensed attorney was not "outcome determinative." Rather, "'[t]he standard is whether the third-party agent is supervised directly by an attorney and whether the communications were intended to remain confidential.'" The court reasoned that Volpi's role on the legal team reflected Gucci's expectation that Volpi's communications would remain confidential.

Despite these assertions, Gucci I then took a 180-degree turn in its reasoning. Previously in its opinion, the court ignored Guess's argument that Volpi did not perform strictly ministerial tasks as required under the Kovel test, and the court pointed to the overarching supervision by Delia Rosa. However, Gucci I went on to note that "'[a]lthough [Volpi's] responsibilities clearly extended beyond ministerial tasks, it is not necessary that Delia Rosa . . . 'observed and approved every minute aspect of [Volpi's] work.'" The court also reversed its previous assertions on the role of autonomous work: "[T]he privilege extends to an agent proceeding autonomously."

128. Id.
129. Id.
130. Id. at 72.
131. Id.
133. Id.
134. Id.
135. Id.
136. Id.
138. Id.
Although the actual holding is unclear because of the turnabout in the court’s reasoning, its opinion is consistent with the overall rationale behind the attorney-client privilege. As previously stated, the purpose of the attorney-client privilege is to make clients feel comfortable in sharing all legally relevant information with their attorney so that the attorney is capable of providing sound legal advice and aid when addressing legal issues. In this situation, the attorney-client privilege meets its purpose because, first, the client—in this case, Gucci—shared its private but legally relevant information in a setting it believed was confidential. This confidential setting enabled Gucci, as the client, to feel comfortable in sharing all relevant information without the fear that such information may be leaked into the wrong hands. Second, the information assisted the attorneys in the furtherance of their legal advice and aid to Gucci: counsel was consequently capable of learning all relevant information it needed in order to file suit against Guess. The fact that this information was passed through a third party—Volpi—should not matter. An attorney may need to rely on numerous assistants when preparing for litigation and when those assistants are performing roles, such as information gathering, which were traditionally performed by the attorney, the agent’s work should also be confidential. Because the information remained confidential and aided the attorneys in providing sound legal advice, the opinion in Gucci I helped to uphold the ultimate purpose of the attorney-client privilege.

C. The Post-October 2008 Communications of Vanni Volpi and Jonathan Moss are Eligible for Protection From Disclosure Under the Work Product Doctrine Because the Documents Reflect that Gucci and GG Performed Work “Because of” the Prospect of Litigation Between November 2008 and April 2009

The work product doctrine protects the work of attorneys and applies to: “(1) a document or tangible thing, (2) that was prepared in anticipation of litigation, and (3) was prepared by or for a party, or by or for his representative.” The work product doctrine also applies to agents of an attorney who are “enlisted by legal counsel to perform investigative or analytical tasks to aid counsel in preparation for litigation.” However, the protections afforded under the work product

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doctrine can be overcome by the other party if the party seeking discovery can show it has a "substantial need for the materials," and "cannot obtain the substantial equivalent 'without undue hardship.'"\textsuperscript{142}

\textit{Gucci I} held that the post-October 2008 communications of both Volpi and Moss were protected by the work product doctrine because they were prepared by an agent of GG or Gucci in anticipation of litigation.\textsuperscript{143} Judge Cott reasoned that the documents were created after Gucci decided to find information supporting its claims against Guess.\textsuperscript{144} "The [c]ourt f[ound] no evidence that these documents were prepared in the ordinary course of business, or that they would have been created for any reason other than 'because of the prospect of litigation.'"\textsuperscript{145} The holding on this point is correct and supports the underlying rationale behind the work product doctrine.

\textit{Gucci I} further held that Guess failed to show both "substantial need" for the communications and an "undue hardship" in its case without production of the communications.\textsuperscript{146} The court pointed to other evidence that was available to Guess other than the communications, which could effectively show the same or similar information as that contained in the communications.\textsuperscript{147}

D. \textit{Neither the Attorney-Client Privilege nor the Work Product Doctrine Extends to the Pre-October 2008 Communications of Vanni Volpi; Therefore, Those Documents Must be Produced}

\textit{Gucci I} held that the pre-October 2008 communications by Volpi were not protected by the attorney-client privilege.\textsuperscript{148} Judge Cott pointed to evidence that Volpi was not acting under Delia Rosa's direction at that time and that Volpi was not personally involved with information gathering.\textsuperscript{149} Although the evidence is scant here, the court gave some credence to Guess's argument that Volpi was acting as a de facto attorney during the pre-October 2008 period.\textsuperscript{150}

The application of the attorney-client privilege to the pre-October 2008 communications here differs drastically from its application of the privilege to the post-October 2008 communications. For the pre-
October 2008 communications, Judge Cott gave weight to the fact that Volpi’s work was not directly overseen, whereas he quickly dismissed that factor for the post-October 2008 communications.\textsuperscript{151} The only difference that Judge Cott points to between the two sets of communications is the fact that Delia Rosa started working for GG in September 2007 and that GG did not specify to whom Volpi had previously been reporting.\textsuperscript{152} However, the court does not account for any difference in Volpi’s duties during the time from September 2007 to October 2008 (when Delia Rosa was present at GG) and the communications that occurred post-October 2008 (which the court held protected from discovery).

The inconsistency in the \textit{Gucci I} opinion—holding the attorney-client privilege applicable to the post-October 2008 communications but not the pre-October 2008 communications—does not support the overall rationale behind the attorney-client privilege. Although Volpi may not have been acting directly under Delia Rosa’s direction at the time, she remained his supervisor and he reported to her daily in that context. Therefore, essentially the same types of communications took place in the pre-October 2008 communications as in the post-October 2008 communications. Gucci personnel shared private, legally-relevant information with Volpi with the understanding that the information would help the legal aid of the corporation. Volpi then turned around and gave daily reports to Delia Rosa. This situation ultimately meets the underlying purpose of the attorney-client privilege because there was an atmosphere of confidence between the client and the legal personnel that opened the gateway of communication to counsel to be used in the aid of sound legal advice. Because the court did not hold the pre-October 2008 documents privileged, the court’s decision failed to uphold the ultimate purpose of the attorney-client privilege.

\textit{Gucci I} also held that the pre-October 2008 communications were not protected by the work product doctrine.\textsuperscript{153} The court reasoned that, at this point in time, Volpi’s work was not being produced for the “prospect of litigation.”\textsuperscript{154} Furthermore, the court found that a “possibility” of litigation is not enough to elicit the work product protections under the Federal Rules of Civil Procedure.\textsuperscript{155}

\textsuperscript{151} \textit{Id.} at 72.  
\textsuperscript{152} \textit{Gucci}, 271 F.R.D. at 73.  
\textsuperscript{153} \textit{Id.} at 75.  
\textsuperscript{154} \textit{Id.}  
\textsuperscript{155} \textit{Id.}
This holding places an arbitrary time frame on when a corporation may move from preparing for the possibility of litigation, when the work product doctrine does not apply, to when a corporation is preparing documents because of the prospect of litigation, when the work product doctrine does apply. A bright-line rule is needed in order to put corporations on notice as to when their attorneys’ work will be protected by the work product doctrine. Without a bright-line rule, in situations such as an in-house counsel context in which there is constant communication between the attorney and client, an attorney cannot always be confident that his work is protected from discovery.

E. All Communications Between Gucci and Jonathan Moss that Were Made for the Purpose of Giving Legal Advice are Entitled to Protection Pursuant to the Attorney-Client Privilege

In the seminal case on attorney-client privilege, United States v. United Shoe Machinery Corp., the United States District Court for the District of Massachusetts established that, in order to invoke the attorney-client privilege, the communication must have been made to a “member of the bar of a court.” 156 Judge Scheindlin in Gucci II held that, even though Moss’ bar status was inactive, he still met this requirement. 157 The court did not provide any reasoning for holding that an inactive member could still meet this requirement; rather, the court pointed to the rationale behind the attorney-client privilege: “The purpose of the privilege is to protect the client’s communication, and to encourage full and frank disclosure when seeking legal advice, which is why the client holds the privilege and only the client can assert or waive it.” 158 The court reasoned that because Moss occupied a legal position in the company and that Gucci was his sole client, the communications between Moss and Gucci were “clearly intended to be protected.” 159

Although a challenged communication may not be made to an attorney, it may still be protected under the attorney-client privilege if a party can show that it “reasonably believed that the person to whom the communications were made was in fact an attorney.” 160 Gucci and Guess disputed two aspects of this exception: (1) “whether a corporation [could] claim a reasonable belief” and (2) whether the party in-
voking the reasonable belief exception had to first take reasonable precautions in determining whether the person to whom the communications were made was in fact an attorney.161

On the former issue, Gucci II held that a corporation could make a claim under the reasonable belief exception just like an individual person.162 On the latter issue, the court held that a corporation does not have any duty to take reasonable precautions and conduct due diligence to determine whether a person is an attorney before communications are made.163 However, the court qualified its holding in a footnote, stating that:

A corporation’s failure to demonstrate a “respectable degree of caution” in hiring an individual to serve as in-house counsel may in some cases shed light on the reasonableness of its belief that the individual was its attorney, but that does not translate into a requirement that a corporation conduct due diligence in hiring and/or promoting an attorney who represents that he is a member of a bar.164

Gucci II then held that all of Moss’ communications were protected under the attorney-client privilege as Gucci had a reasonable belief that Moss was an attorney.165 This reasonable belief arose because Moss had competently performed all the normal functions of an attorney at Gucci over an extended period of time, leading people to believe that he was a qualified and licensed attorney.166

Judge Scheindlin’s ruling removes almost any responsibility for a corporation to make sure that the corporation hires a competent and licensed attorney. Gucci argued that requiring corporations to check continually on their in-house counsel’s bar membership status before confiding in them was inefficient and “simply does not make sense.”167 However, the situation here was not one in which the in-house counsel’s license went inactive overnight and the corporation faced harm by failing to “continually” check the status of the attorney’s bar membership before making each confidential communication. Rather, in this case, Gucci never checked into the status of their in-house counsel, even before Gucci hired Moss.

Corporations should be responsible for hiring competent professionals and conducting appropriate background checks for relevant

161. Id. at *8.
163. Id.
164. Id. at *22 n.35.
165. Id. at *22.
166. Id. at *23.
professional licenses. Often, corporations have their own incentives to do a thorough background search into the qualifications of the individuals they are hiring. This is especially true when hiring in-house legal counsel—there are obvious detriments to a corporation that hires an incompetent or unlicensed attorney to represent its interests. However, as the facts of this case point out, there are times when a corporation may hire a person who appears to be a competent attorney in all respects due to his former professional work and résumé, but ends up being unlicensed. For situations such as these, there needs to be some form of regulation or disincentives for a corporation to hire such people. While legislation may be one option, the courts should also step in. Here, the court not only failed to provide a disincentive, but also rewarded Gucci’s negligent hiring practices by allowing Gucci to protect its communications from discovery under the attorney-client privilege.

V. BEYOND THE GUCCI LITIGATION

Although the rulings in the litigation between Gucci and Guess may be easily tossed aside as lower court opinions in a single case, it is important to note that the more recently decided case has already been cited favorably by courts in the 2nd, 3rd, and 10th Circuits and currently no court has opposed the ruling. Therefore, one must consider the impact of the decision on the legal doctrines of attorney-client privilege and work-product doctrine and its applicability to in-house counsel.

First, the holding in Gucci I, later upheld in Gucci II, that Volpi’s communications touched base with the United States and, therefore, were governed by American privilege laws, is an important aspect to consider in the modern world of multinational corporations. The modern corporation typically has numerous subsidiaries and affiliates around the world and each office may have a different corporate counsel. The assurance that communications among the different legal offices around the world will be afforded the heightened protections that American law gives to attorney-client communications allows a corporation to communicate more freely within its own corporate network. It also alleviates any time-consuming consideration of different countries’ laws when a corporation is attempting to con-

vey important legal communications within its own corporate network.\textsuperscript{169}

Second, the ruling in \textit{Gucci I}, later upheld in \textit{Gucci II}, that Volpi’s post-October 2008 communications are protected by the attorney-client privilege impacts the role of non-attorney legal personnel within a corporate legal department. Many corporate legal departments today rely not only on attorneys, but also on legal secretaries, law clerks, and other legal assistants. After the opinion in \textit{Gucci}, corporations can rest more easily that their reliance on such personnel will not adversely affect them if litigation arises and another party requests legal personnel’s communications.

Third, the holding in \textit{Gucci I}, later upheld in \textit{Gucci II}, that Volpi’s and Moss’ post-October 2008 communications are protected under the work product doctrine is a standard application of the work product doctrine. However, considering this holding in conjunction with part of the fourth ruling by the court—that Volpi’s pre-October 2008 communications are not protected by the work product doctrine—does raise some issues for corporations in terms of the ambiguous time frame between when documents are prepared “because of the prospect” of litigation and when documents are prepared contemplating possible litigation. This issue is especially important for in-house counsel attorneys who advise the corporation for both regular business transactions, which are not protected, and for litigation issues, which are protected. Following these holdings in \textit{Gucci}, corporations may best be advised to acknowledge affirmatively that documents are being made “because of the prospect” of litigation in some way.\textsuperscript{170} However, an appropriate way of taking these precautions is not readily apparent from the court’s holding.

The fourth ruling in \textit{Gucci I}, later upheld in \textit{Gucci II}, held that Volpi’s pre-October 2008 communications were not protected by the attorney-client privilege. This ruling dampers the impact of the second ruling and should alert corporations that there are restrictions on the applicability of privilege to their non-attorney personnel’s communications. Specifically, the non-attorney personnel may need to be under somewhat significant legal oversight by a licensed attorney in order for their communications to be privileged. Corporations should be aware of this when structuring their legal departments.

The fifth holding, which comes from \textit{Gucci II}, that all of Moss’ communications were protected under the attorney-client privilege is per-

\textsuperscript{169} See Michael Campion Miller & Richard Rondoux, \textit{Foreign In-House Counsel Communications}, 247 N.Y. L.J. 45 (2012).

\textsuperscript{170} See Quinn Emanuel Urquhart & Sullivan, \textit{supra} note 78.
haps the largest impact *Gucci* had on the doctrine. The current legal precedent from *Gucci* supports allowing corporations to conduct no due diligence when hiring their counsel. Rather, corporations can rely completely on the confidence of their communications with someone who does not have an active bar membership, an aspect that was traditionally required in applying the attorney-client privilege.

VI. Conclusion

While, at its core, the *Gucci* litigation concerned a trademark infringement suit, it also presented several interesting procedural issues under which the legal doctrines concerning attorney-client privilege and work product doctrine were stretched within the corporate counsel realm. *Gucci I*, holding that the communications by the international affiliate touched base and, therefore, were governed by American law furthered the protections given under the doctrines. Furthermore, the holding from *Gucci I* that Volpi's post-October 2008 communications were protected by the attorney-client privilege served the underlying purpose of that doctrine. On the other hand, the holding from *Gucci I* that Volpi's pre-October 2008 communications were not protected by the attorney-client privilege seemed arbitrary and went against the grain of the doctrine. The court's application of the work product doctrine also appeared arbitrary in its application of the privilege to some documents and not others, raising issues on the time frame of when documents will be considered made "because of the prospect" of litigation. Finally, while the *Gucci II* holding that all of Moss' communications were protected under the attorney-client privilege expanded that doctrine's application in the in-house counsel setting, the application may be too broad and should be confined by future courts.
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