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COUNSEL COMMENTARY

IP: Log it or lose it

COURT HOLDS THAT AN INCOMPLETE PRIVILEGE LOG RESULTS IN A WAIVER OF THE ATTORNEY-CLIENT PRIVILEGE

The U. S. District Court for the Eastern District of Wisconsin recently addressed the importance of privilege logs and updating them in its Oct. 5 decision in *Nordock, Inc. v. Systems Inc.*, in which the court held that the failure to identify withheld documents on a privilege log resulted a waiver of the attorney-client privilege.

In most civil litigation, there is a document request or an interrogatory that requests the disclosure of attorney-client privileged information. In the IP context, the information sought might include opinions on the validity or infringement of a patent, patent claim scope, or trademark; analysis of the prior art; and the like. The typical, nonspecific response to such a request is an objection and the assertion of the privilege, such as: "Defendant objects to this request because it seeks information that is the subject of the attorney-client privilege and/or the work-product doctrine."

On its face, this type of response, without more, is insufficient. Rule 26(b)(5) of the Federal Rules of Civil Procedure requires that when a party withholds otherwise discoverable information by claiming a privilege, that party must make the privilege claim and then describe the withheld information in sufficient detail to allow the other party to assess the merits of the claim. The rule, however, does not specify what type of information should be provided or the format to be used when providing the information.

Because a nonspecific objection and response of the type given above does not meet the requirements of Rule 26(b)(5), parties should use other mechanisms for complying with the rule. For example, parties often rely on a privilege log that identifies the document by production number, title, author, recipient(s) and document type. The log also describes the general nature of the information contained in the document. The log could also identify oral communications, the participants and dates of the communications and set out a general description of the nature of the topics discussed, together with the privilege claim. In either case, the log should expressly state the privilege being claimed. This type of log could go a long way in providing the information needed by the litigation opponent to assess the merits of the privilege claim. Alternatively, a party may provide the same type of information in the actual response to a document request or an interrogatory. However this approach often becomes unwieldy if there are numerous documents or communications that are to be identified in relation to any individual discovery request. Because the privilege log is a more efficient way in which to provide the Rule 26(b)(5) information, the use of such a log has become a standard litigation tool.

Although a properly prepared privilege log is an expedient way to comply with Rule 26(b)(5), attention must be paid to the log throughout the entire discovery process. As parties receive discovery requests provides responses or supplements prior responses, it is very important that it updates the log with the details of withheld information that had not been included in prior logs.

Privilege log or privilege loss

As noted, the *Nordock* court recently considered the interplay between privilege logs and privilege waiver. In that patent

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infringement case, Nordock served a document request in September 2011 seeking "documents concerning the patentability, scope, validity, enforceability or infringement of the [patent in suit], including all searches, studies or advice of counsel concerning the patentability, scope, validity, enforceability or infringement of the [patent in suit]." Systems responded in October 2011 by asserting the attorney-client privilege and the work-product doctrine. In January, Systems also provided a privilege log that apparently listed some withheld documents.

Nordock served a further request for document production in March, seeking "documents rendering any opinion regarding [the patent in suit], particularly regarding the ownership, validity, enforceability or infringement of the patent." Systems responded in April with a general assertion of the attorney-client privilege and the work-product doctrine. Systems did not update its previous privilege log.

Several days before Systems served its April discovery response and privilege claim, Nordock took depositions in which it learned that Systems had received several opinions from outside counsel on the patent in suit. The existence of those opinions was not disclosed in Systems' privilege logs, even though Systems had been asserting the attorney-client privilege and the work-product doctrine over that same type of information for roughly seven months.

In the district court, Nordock filed a motion to compel the production of the attorney opinions, arguing that they were relevant to the issue of Systems' mind set regarding willful infringement. Nordock contended that because Systems failed to meet the requirements of Rule 26(b)(5), Systems had waived the privilege from discovery.

After reviewing a number of cases from federal appellate and district courts across the country, the court quickly concluded that the discovery privilege had been waived. The court's ruling can be boiled down to the following points:

- A general, conclusory assertion that some documents are privileged, without providing the details that enable a litigation opponent to assess the merits of the claim of privilege, does not comply with Rule 26(b)(5).
- If an otherwise privileged document is not referenced in a privilege log, the privilege is waived.
- If a privilege log is not provided, the failure to meet the requirement of Rule 26(b)(5) means the documents cannot be withheld from production.

Practical considerations

Nordock highlights the importance of preparing a privilege log that tracks the general, nonspecific objections and responses to discovery requests in which a claim of privilege is asserted. The log could be keyed to each discovery request and identify withheld documents that are otherwise responsive to that request. This way would provide an easy cross-check to ensure that every privileged document is addressed. Of course, parties may use other approaches to achieve a complete listing of all documents for which a discovery privilege is asserted.

The case also highlights the consequences that might occur when a privilege log does not identify documents for which a privilege claim has been made. Obviously, losing a privilege and being required to produce otherwise nondiscoverable documents may have significant implications on the course of the litigation. Additionally, if the privilege is considered to be waived by an incomplete privilege log, the question will arise as to the scope of that waiver. That is, does the waiver extend only to the withheld documents, or does it embrace all privileged communications relating to the same subject matter? This question was not considered in *Nordock*, but it is one that would likely be addressed during the course of most litigation in which the sufficiency of a privilege log is at issue.

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